

Sampo Capital Markets Day 2021

24 February 2021

Agenda

11.00	Group strategy Torbjörn Magnusson, Group CEO and President, Sampo Group	13.30	Hastings update Toby van der Meer, CEO, Hastings Group
11.30	Finance & capital management Knut Arne Alsaker, Group CFO, Sampo Group	13.50 -	Closing remarks Björn Wahlroos, Chair of the Board, Sampo Group
12.00	Q&A Virtual coffee break		Q&A
13.10	Sampo's Nordic P&C operations Morten Thorsrud, CEO, If P&C Insurance Ingrid Janbu Holthe, Head of BA Private, If P&C Insurance		

Group strategy

Torbjörn Magnusson, Group CEO and President, Sampo Group

Sampo's strategy is focussed on P&C insurance



P&C insurance: Invest and develop



GWP: €7bn

COR: 83.6%

UW profit: €1.1bn

Invest to build high quality Nordic and UK private/SME P&C operations



Private & SME focus



Operational excellence



Grow UW profits

Life & investments: Manage for value



MANDATUM LIFE



SAXO BANK



c60% of group capital



c40% group earnings

Optimise return on capital



Re-allocate to P&C



Return excess capital

Sampo aims to deliver high quality earnings and attractive dividends

Invest in P&C operations

Enhance digital and other capabilities in Nordics/UK

Manage non-P&C assets for value

Continuously review holding company investments

Reset capital management

Align balance sheet with P&C focussed strategy



Grow underwriting profits

Capture opportunities for growth and margin expansion

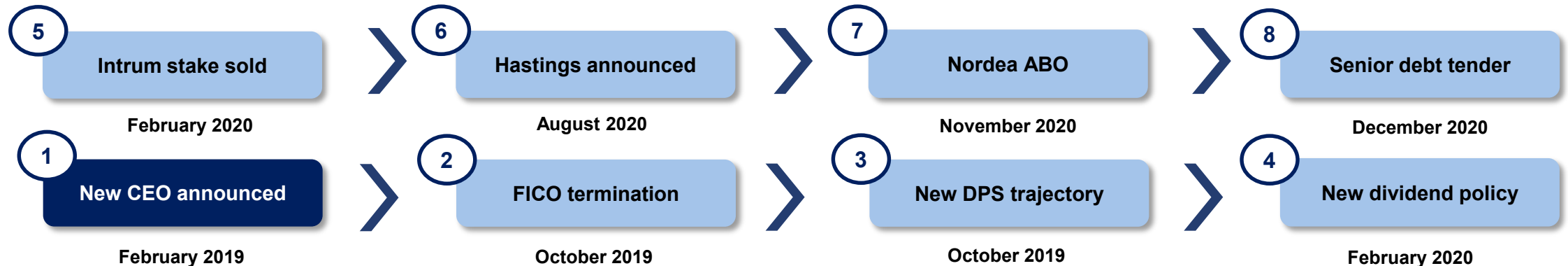
Reduce complexity and market risk

Focus the group toward its P&C operations

Attractive capital returns

Grow DPS and manage capital efficiently

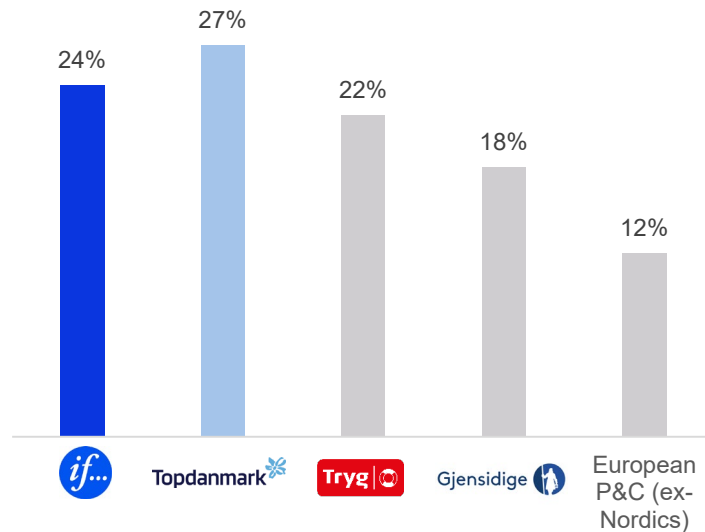
Sampo has taken a number of steps toward a more P&C focussed strategy in the last two years



Sampo has a strong track record in P&C insurance

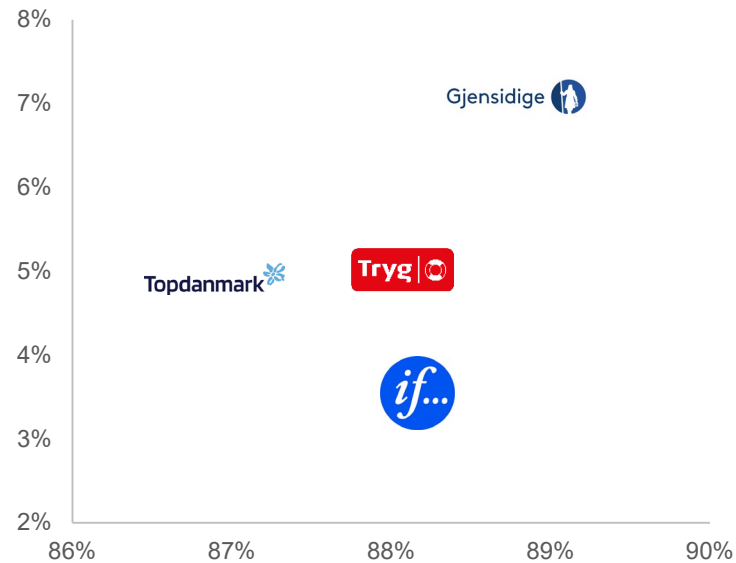
Sampo has delivered strong returns in P&C

Return on equity (% , 2011-20)



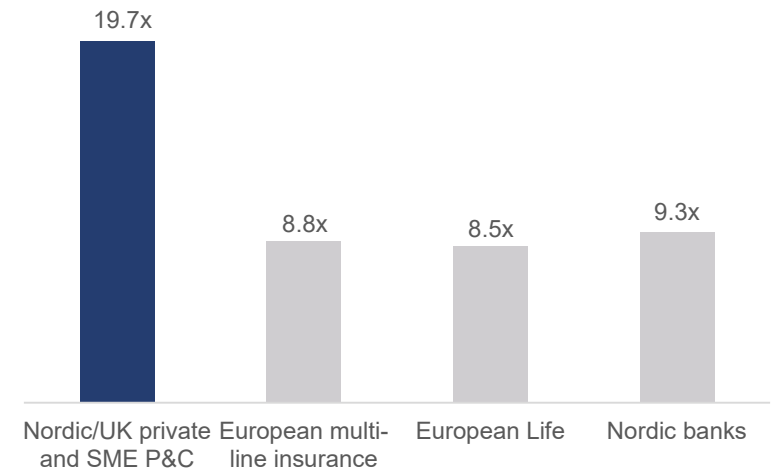
Sampo's P&C success is based on underwriting

COR (% , x-axis, 2005-20 avg.) vs. COR volatility (ppt, y-axis)



Private/SME P&C earnings are highly valued

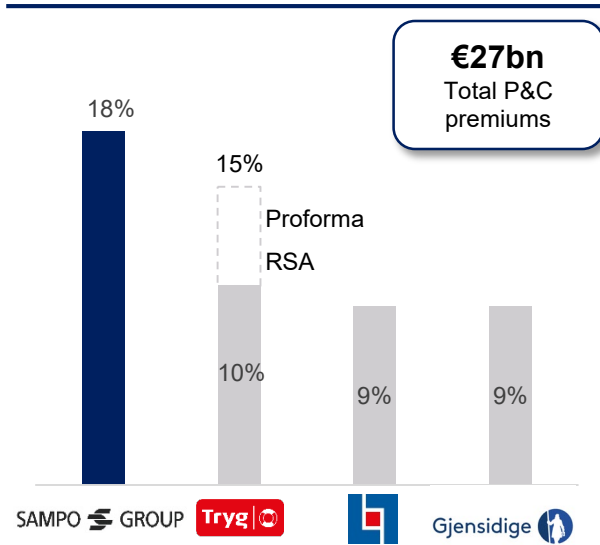
P/E multiples per segment (2022e, median)



“European P&C (ex-Nordics)” in ROE comparison: Admiral, Direct Line, Beazley, Hiscox, Lancashire, RSA, Zurich; Segments for P/E multiples as follows (data from Factset as of 15/2/2020): Nordic and UK retail and SME P&C: Tryg, Gjensidige, Topdanmark, Admiral, Direct Line Group. European multi-line insurance: Ageas, Allianz, ASR, Aviva, AXA, Baloise, Generali, Helvetia, PZU, VIG. European Life: Aegon, CNP, L&G, NN Group, Phoenix, Storebrand, Swiss Life. Nordic banks: Nordea, Danske Bank, DNB, SEB, Swedbank, Handelsbanken

Sampo's P&C footprint is attractive

Market leader in Nordic P&C

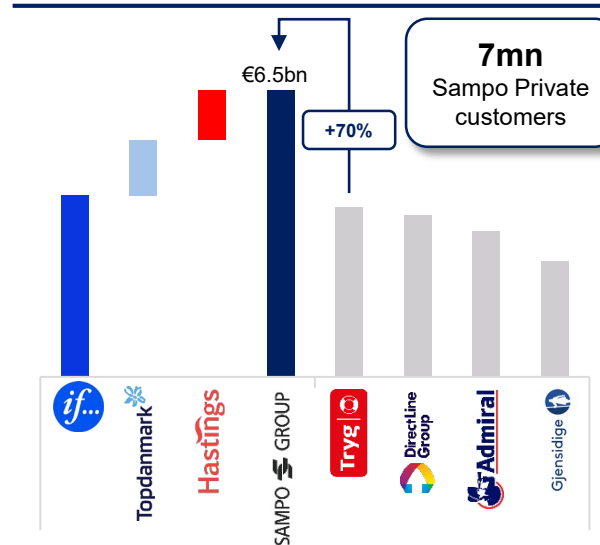


€27bn
Total P&C premiums

Nordic P&C market share (%)

Nordic P&C combined ratio 5-10ppt better than other major European P&C markets

Scale operator in Private & SME

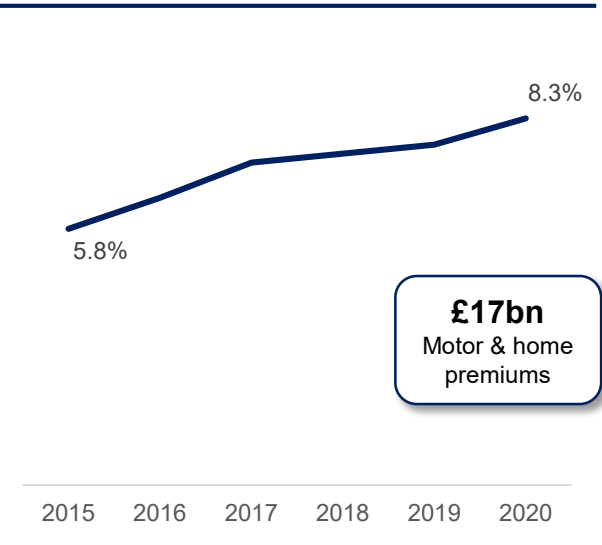


7mn
Sampo Private customers

Private & Commercial premiums (€bn)

Private & Commercial combined ratio 7ppt better on average than industrial/corporate for If/Tryg

High-quality, digital UK P&C platform



£17bn
Motor & home premiums

UK car market share (%)

Hastings delivered an average return on capital employed of 35% in 2015-2020

Sampo Nordic P&C market share relates to If P&C plus Sampo share of Topdanmark; "proforma RSA" defined as RSA Scandinavia Sweden and Norway; Private & SME premium is defined as total premium ex "Industrial" for If P&C and ex "Corporate" for Tryg; 100% of Sampo Group P&C companies included in Private & SME premiums; Tryg Private & SME premium is proforma RSA Scandinavia Sweden and Norway; Industrial/Corporate combined ratio comparison based on 2011-20 data

Governance and execution are key to Sampo's P&C strategy

Clear focus on underwriting profitability, efficiency and scale



All If employees incentivised on combined ratio

- Focus on profitability and shareholder returns
- Established underwriting and cost culture
- Clear delegation of responsibility



7mn private P&C customers across 8 markets

- Market leader in Nordic P&C
- Leading motor writer in the UK
- Significant country and line of business diversification
- Sharing of skills between countries/companies

Leveraging operational excellence to gain a competitive edge

A leader in digital P&C insurance



c€70mn annual investment in IT development in If P&C

- Pan-Nordic digital development and IT platform
- All of If's private and SME products are available online
- Modern and scalable P&C platform in the UK

Broad distribution expertise



- Digital sales 20% of If Private premiums in 2020
- Largest partnership portfolio in Nordic P&C
- Leading PCW player in the UK

Customer satisfaction is key to long-term success



If Skadeförsäkring

Reviews 3,956 • Excellent
 4.7

- High customer satisfaction
- Comprehensive product offering
- Leading online services



90% retention in If Private

- Rising NPS scores in all P&C subsidiaries
- Improving retention levels in key areas
- Well-known and reputable brands

Sampo's management has extensive P&C insurance experience



President and CEO, Sampo Group

Torbjörn Magnusson

- 30 years P&C insurance industry experience
- President and CEO of If P&C 2002-19
- Vice president insurance Europe 2013-19



Chief Financial Officer, Sampo Group

Knut Arne Alsaker

- 23 years P&C insurance industry experience
- CFO of If P&C 2011-18
- Head of risk, reins., M&A, treasury at If 2002-11



Chief of Strategy, Sampo Group

Ricard Wennerklint

- 26 years P&C insurance industry experience
- Deputy CEO of If P&C 2008-19
- CFO of If P&C 2002-08



President and CEO, If P&C

Morten Thorsrud

- 18 years P&C insurance industry experience
- If P&C Head of BA Private 2013-19
- If P&C Head of BA Industrial 2005-13



EVP, Head of BA Private, If P&C

Ingrid Janbu Holthe

- Eight years P&C insurance experience
- Senior VP, Sales & Service, 2015-19
- McKinsey & Company 2007-13



CEO, Hastings

Tobias van der Meer

- Nine years P&C insurance industry experience
- Joined Hastings in 2011 as MD Retail
- Extensive digital & customer service experience



Hastings is an attractive platform and a natural fit for Sampo

A natural fit for Sampo's P&C strategy

Access to large market

Pure P&C play in digital channel

High quality, digital platform

Limited execution risk

Limited complexity/legacy

Highly scalable

Single product

Attractive financials

High profitability and returns

Cash generative

Manageable financial strain



3.1mn customers

GWP: £1.0bn in 2020

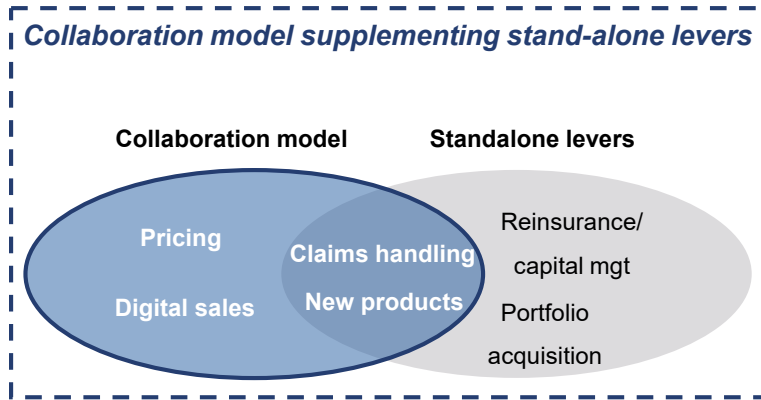
Avg. ROCE of 35% in 2017-20

8.3% UK car market share

COR of 92% in 2017-20

£105 retail income per policy

Comprehensive skills transfer framework established



1 Establish collaboration model

- Governance framework established and approved for knowledge sharing and cooperation
- Initial management discussions yielded multiple potential value-accretive knowledge exchange areas

Completed ✓

2 Preparation and execution

- Investigate areas for improvement/ knowledge sharing
- Connect key personnel and begin “quick-win” projects
- Assess scope for standalone levers

Ongoing

3 Enhancement and delivery

- Execute on targeted operational projects
- Further work continuously to identify improvements

2022 and beyond

Managing non-P&C operations for value

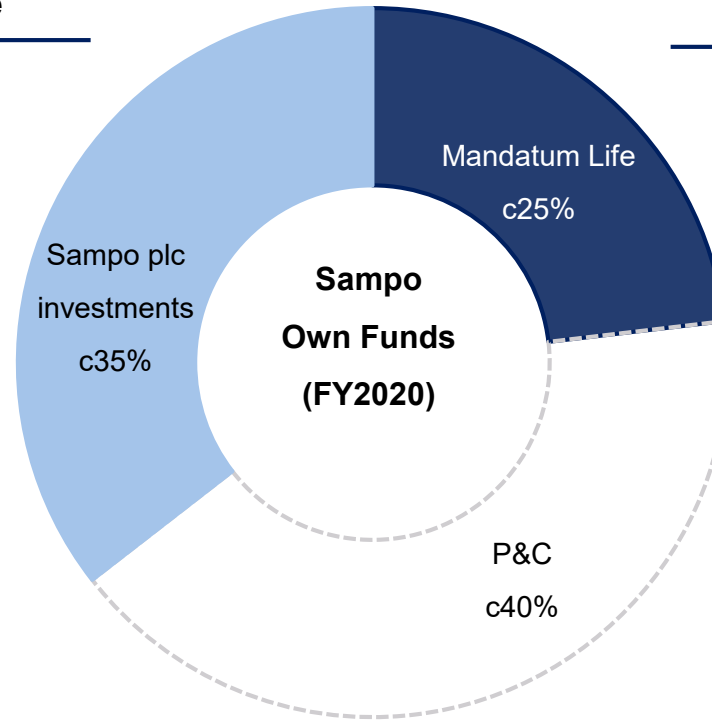
Divest investment assets as these mature



Re-allocate to P&C



Return excess capital



Extract value from life cash generation

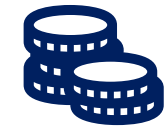


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- High cash and capital generation from declining with-profit book
- Capital light new business options



Optimise capital generation



Support insurance dividends

Extracting value from the Nordea investment

Sampo sees upside in Nordea shares at present

Confident in Nordea achieving its 2022 targets

Operational momentum building


Strong balance sheet

Nordea in a Sampo Group context

Sampo is not a long term investor in banking

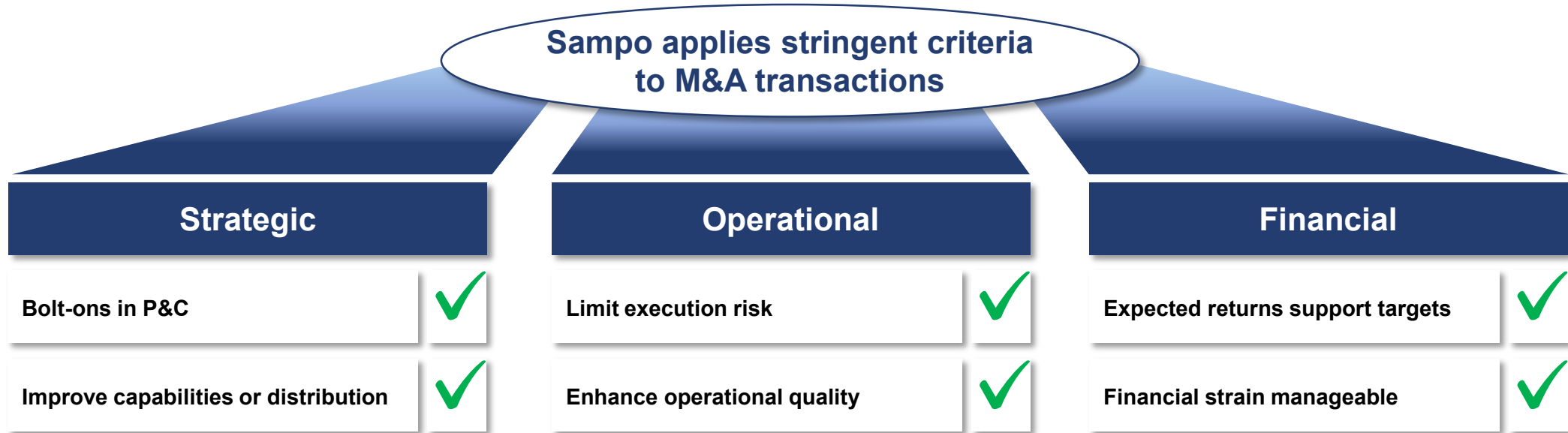
Holding adds market risk

Balance sheet and tax effects of disposals to be considered



Sampo expect to materially reduce its Nordea stake within 18 months

Sampo's future M&A appetite is limited to bolt-ons



Sampo has engaged in limited P&C M&A in the past


Finnish branch
November 2012
€15m


2011-2016
€0.6bn


November 2019
€32m


August 2020
€1.3bn

Sampo has strong and improving ESG credentials

Approach and culture

- Key strategic focus area - ESG integrated with management and operations
- Fair treatment of customers and employees integral part of business model
- Compliance, corporate governance and risk mgt at the core of sustainability
- Organisational structures and KPIs established for development and monitoring

Strong momentum

- Customer satisfaction improving over consecutive years in all Group companies
- Falling employee turnover and absence due to illness in all Group companies
- Non-life subs increasingly focussed on sustainable supply chain management
- Upgrades from MSCI and ISS

Next steps

- **Set new climate-related targets**
- **Systematic integration of ESG into underwriting**
- **Continue integration of ESG in investment management and operations**
- **Further improve ESG performance against rating agencies criteria**



If has introduced a **Supplier Code of Conduct**

Mandatum Life awarded **#1 workplace** in 2020 in Finland by Great Place to Work®.



Hastings **achieved target** of having women in at least 30% of senior leadership positions



Sampo plc rated C (Prime) – **top 2nd decile** in insurance



Sampo plc rated BBB - **above the sector average**

Sampo Group key financial targets for 2021-23



Ambition: Grow P&C underwriting profits by a mid-single digit percentage amount per annum on average

P&L targets

SAMPO  GROUP

Group combined ratio <86%



Combined ratio <85%

Hastings

Operating ratio* <88%
Calendar year loss ratio** <76%

Capital management

Solvency II ratio 170%-190%
Financial leverage <30%

SAMPO  GROUP

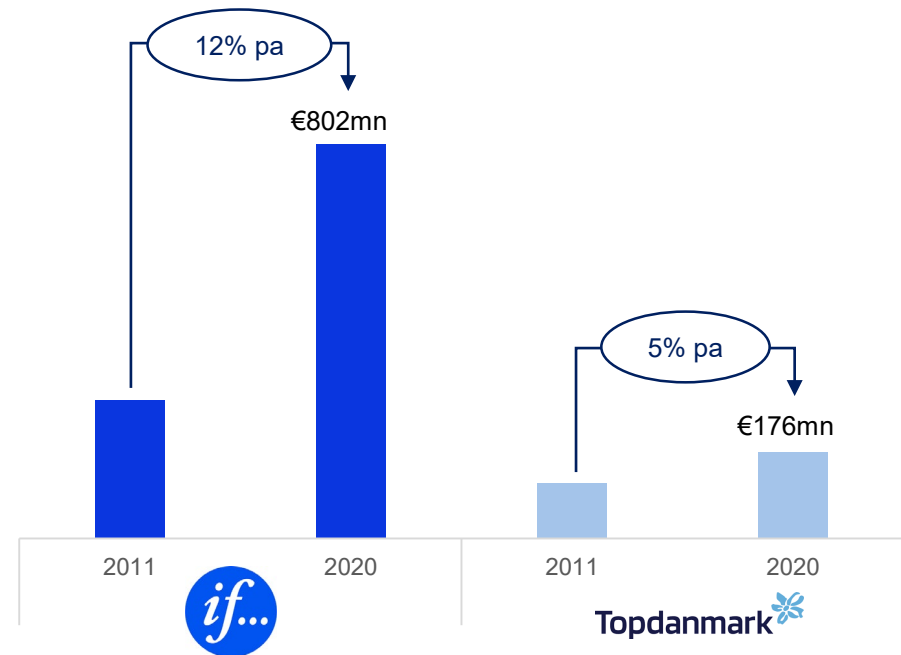
Pay out ratio at least 70% on net profit excl. eo items
Progressive insurance dividend
Return excess capital

*Total claims cost and expenses (including operational D&A) / total operating revenues (excluding investment income); **Consistent with historical Hastings' disclosures, equivalent to If P&C risk ratio
Financial leverage defined as financial debt/(financial debt + IFRS equity)

Sampo has a track record of UW profit growth and achieving targets

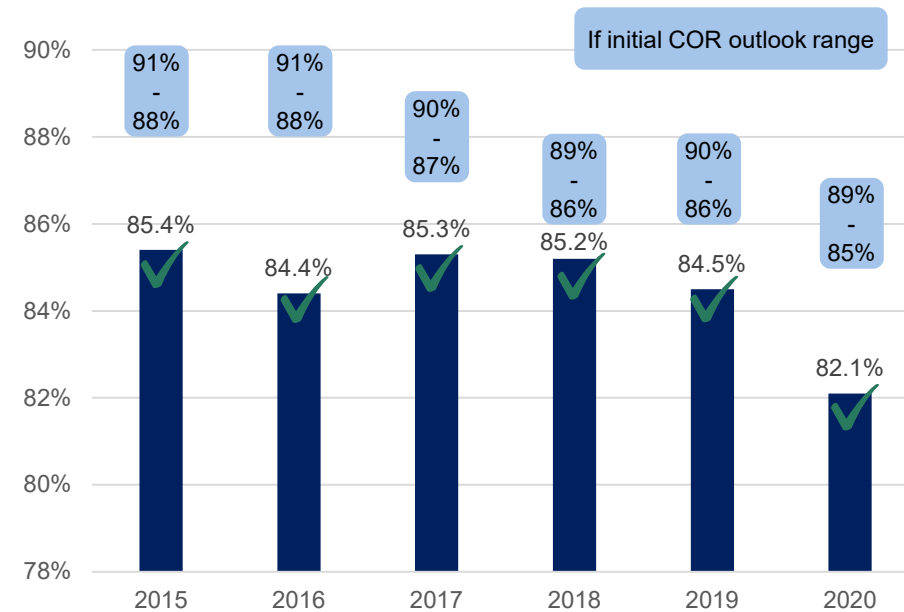
Sampo's P&C operations have achieved strong underwriting profit growth

Underwriting profit (€mn)



Sampo has a strong track record of delivering against key P&C targets

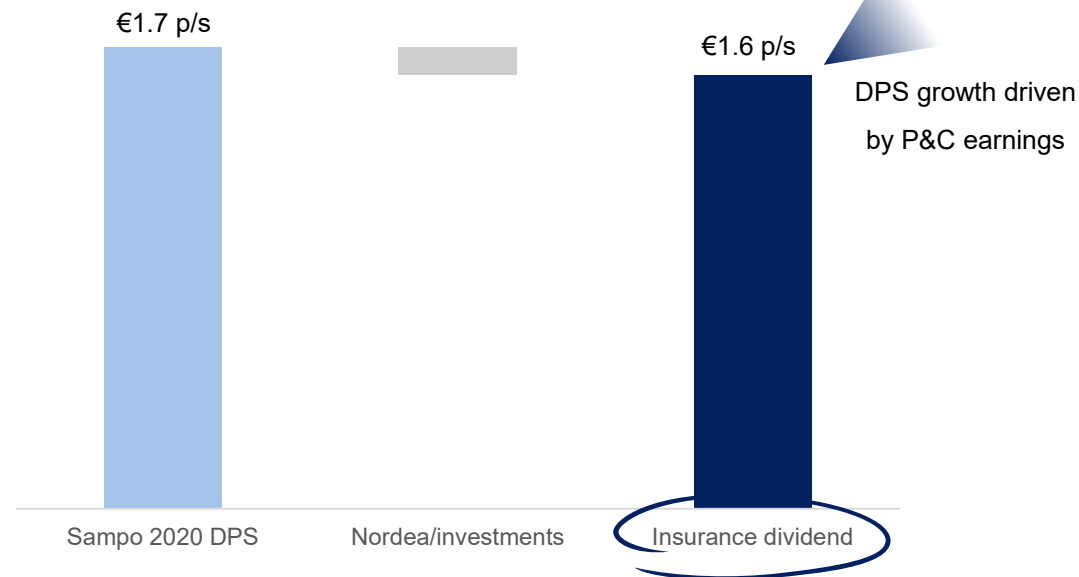
If P&C combined ratio & outlook (%)



Sampo is committed to delivering attractive capital returns

Sampo will target a progressive insurance dividend

Sampo Group 2020 dividend (€ p/s)



- Resilient and growing earnings
- Robust balance sheet



Return excess capital

Solvency II ratio 170%-190%

Financial leverage <30%

Sampo aims to grow underwriting profits and pay attractive dividends

P&C focussed strategy with the aim to deliver mid-single digit annual growth in underwriting profits on average

M&A ambition limited to P&C bolt-ons

Nordea stake will materially reduce over next 18 months

Progressive insurance dividend backed by high quality insurance profits

Sampo holds €5-€6 p/s of capital above needs of its insurance operations

Finance & capital management

Knut Arne Alsaker, Group CFO, Sampo Group

Supporting Sampo's P&C strategy with strong financials

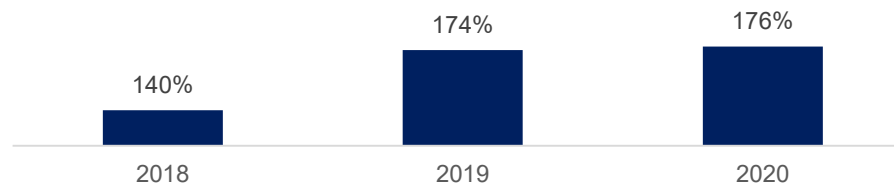
Key actions taken in 2019-2020

- Increased P&C focus through Nordea sell down
- Significant increase in economic solvency
- New dividend policy ($\geq 70\%$ P/O ratio)
- Efficiency of capital stack increased
- €1.2bn reduction in senior debt



Next steps

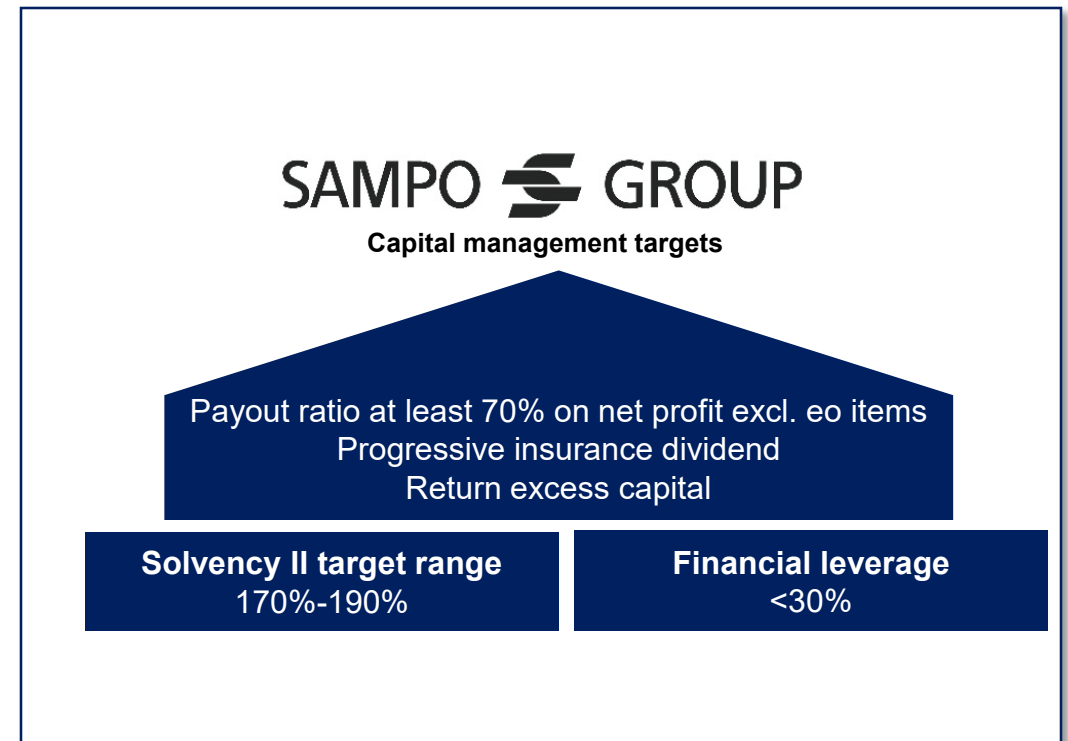
- New capital management framework
- Increasing UW profits and earnings quality
- Resilient and growing insurance dividends
- Optimise capital allocation and efficiency



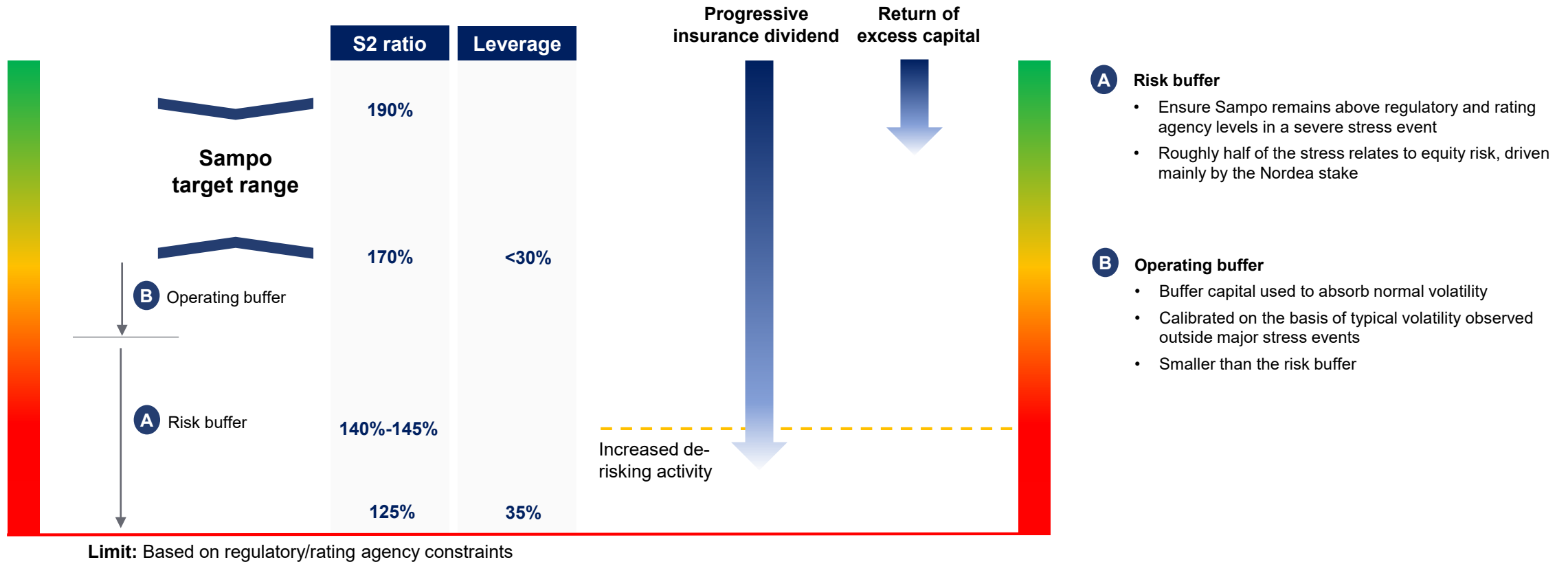
Sampo's solvency has improved over 2018-20

Sampo is introducing a new capital management framework

- 1 Support growth in underwriting profits
- 2 Attractive and reliable capital returns
- 3 Efficient balance sheet and competitive cost of capital

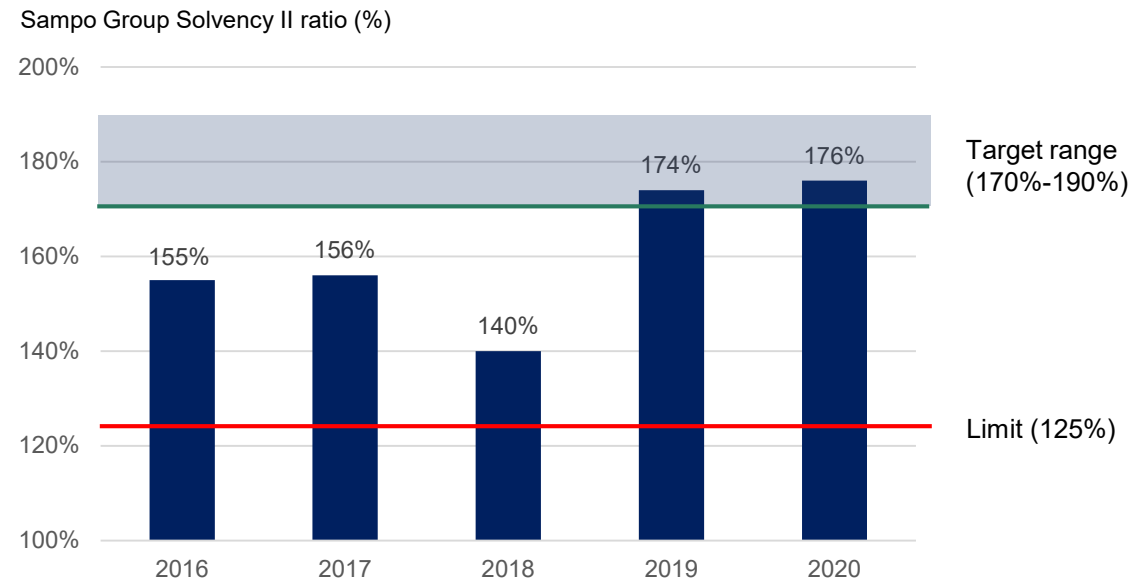


Sampo targets a resilient but efficient balance sheet

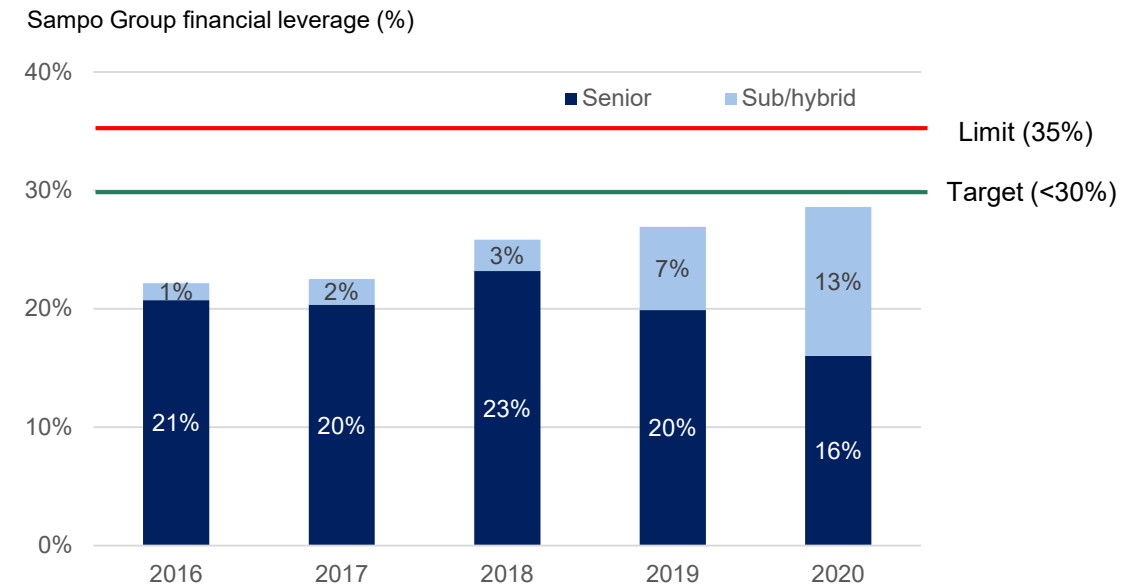


Sampo's balance sheet is robust

Sampo's Solvency II ratio is comfortably within the target range



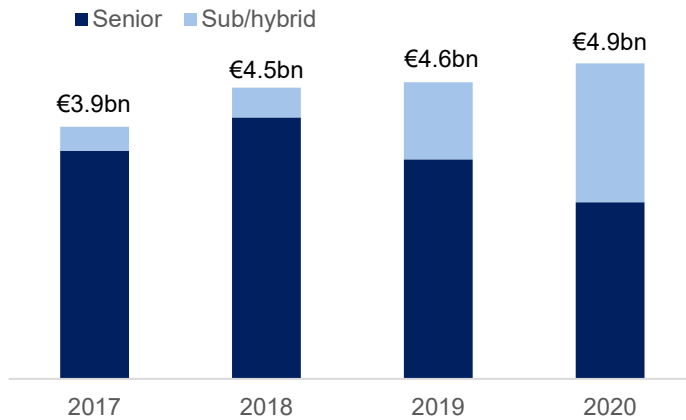
Sampo's financial leverage is near the upper part of the target range



Sampo has increased capital efficiency and reduced senior leverage

Sampo is making greater use of capital instruments

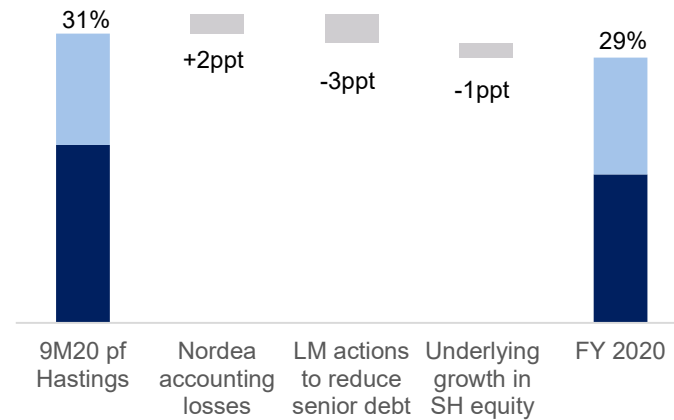
Sampo Group gross debt (€bn)



- T2/RT1 capacity of €0.7bn/€1.8bn to be seen in the context of potential reductions in own funds/SCR

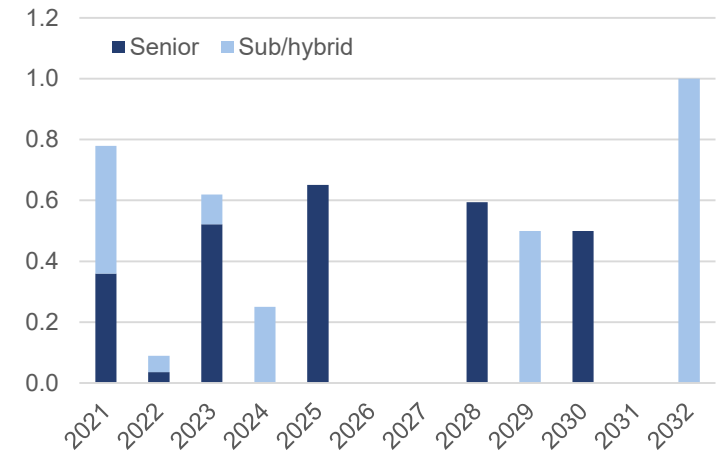
Sampo reduced gross debt by €0.7bn in Dec 2020

Sampo Group financial leverage (%)



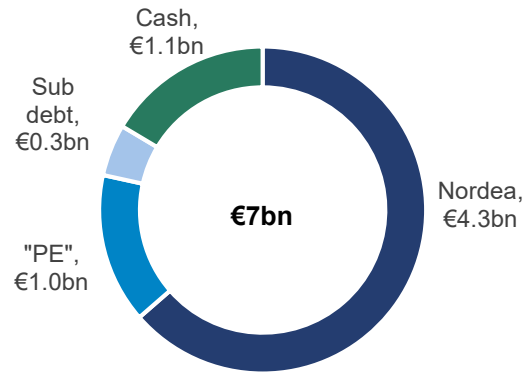
Sampo has €1.6bn of debt maturities in 2021-23

Sampo Group debt maturity schedule (€mn)

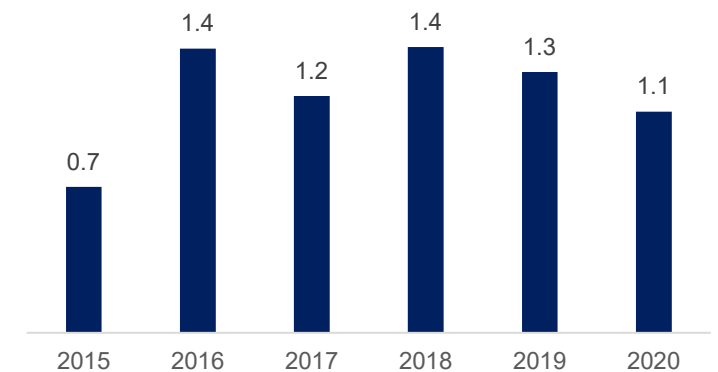


Robust holding company financials and resilient subsidiaries

Sampo plc investments (FY 2020)



Sampo plc liquidity is robust (€bn)



SAMPO  GROUP

Sampo plc
€5.6bn investments, €1.1bn liquidity



	2018	2019	2020
S2 ratio (%)	196%	190%	189%



	2018	2019	2020
S2 ratio (%)	196%	177%	170%



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	2018	2019	2020
S2 ratio (%)	176%	176%	188%

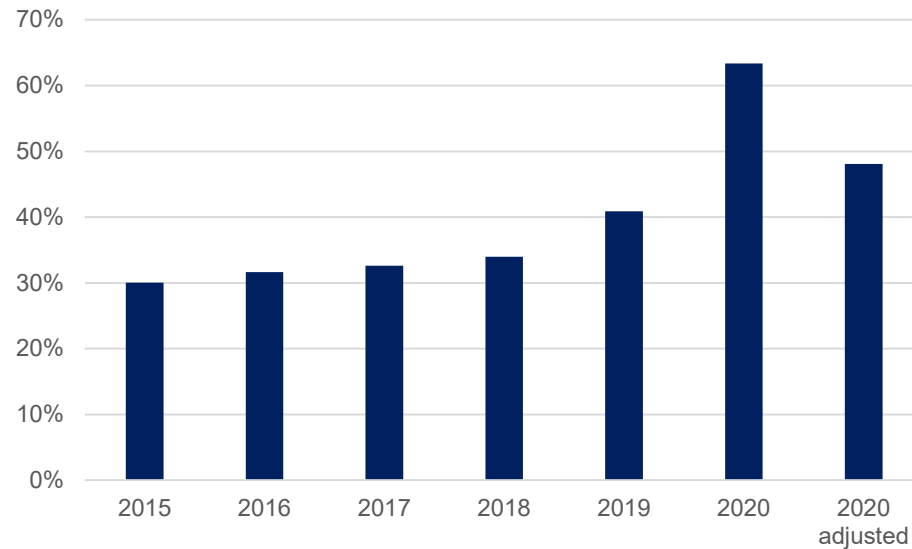


	2018	2019	2020
S2 ratio (%)	161%	151%	155%

The quality of Sampo's earnings is improving

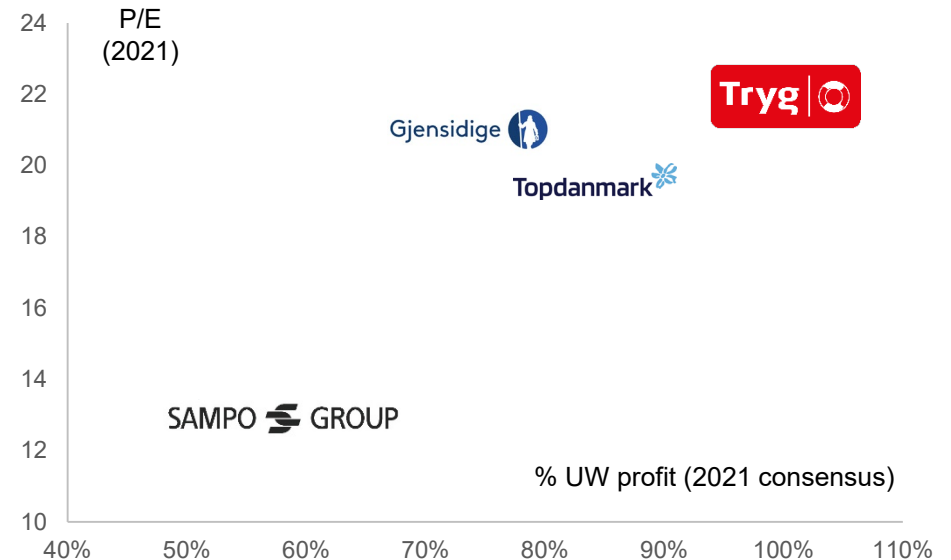
The share of UW profits in Sampo earnings is rising

% of Sampo net income attributable to underwriting profit



Nordic P&C UW profits attract high valuation multiples

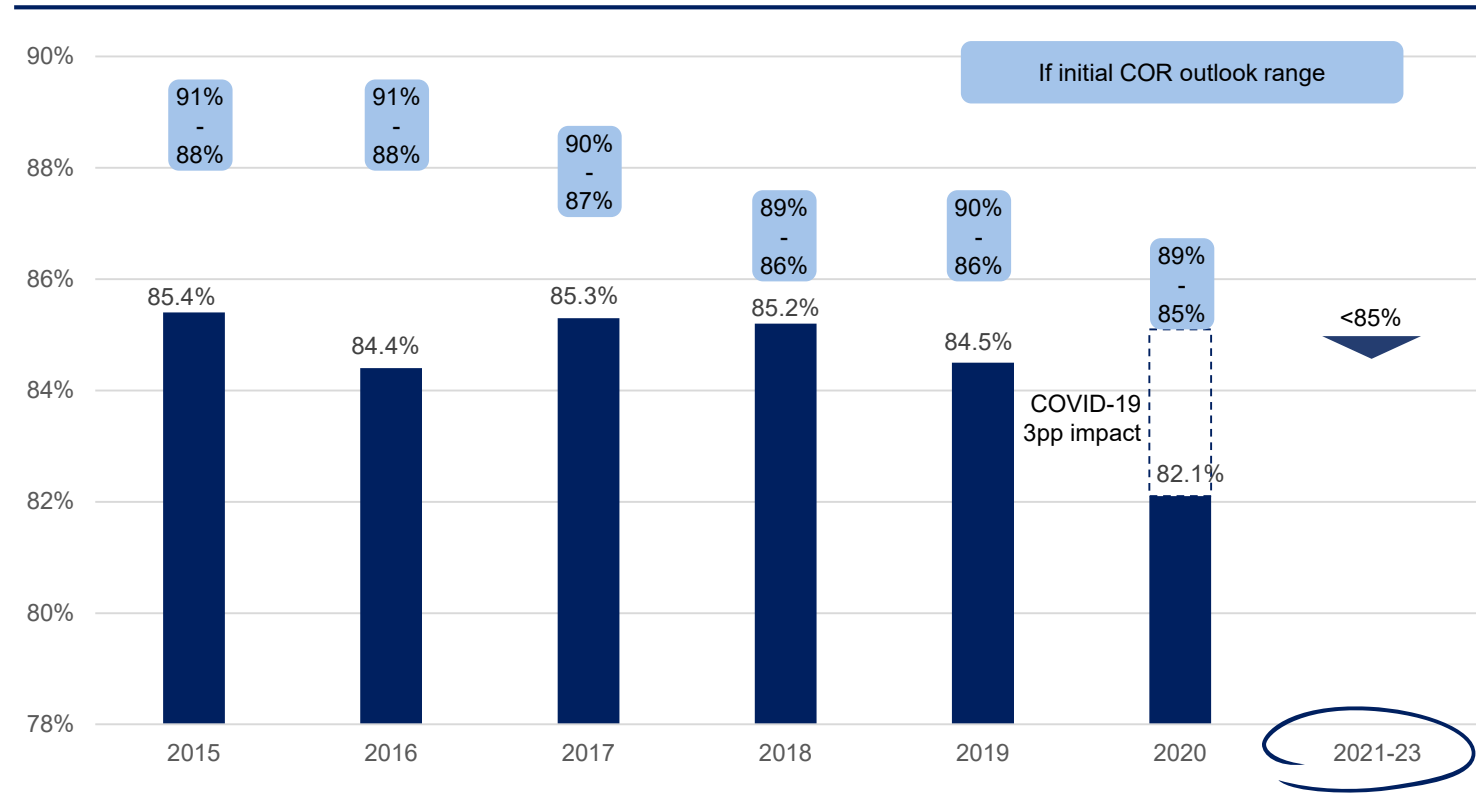
P/E ratio (2021) vs. share of earnings attributable to underwriting profit



If P&C's underwriting margins are expected to remain strong

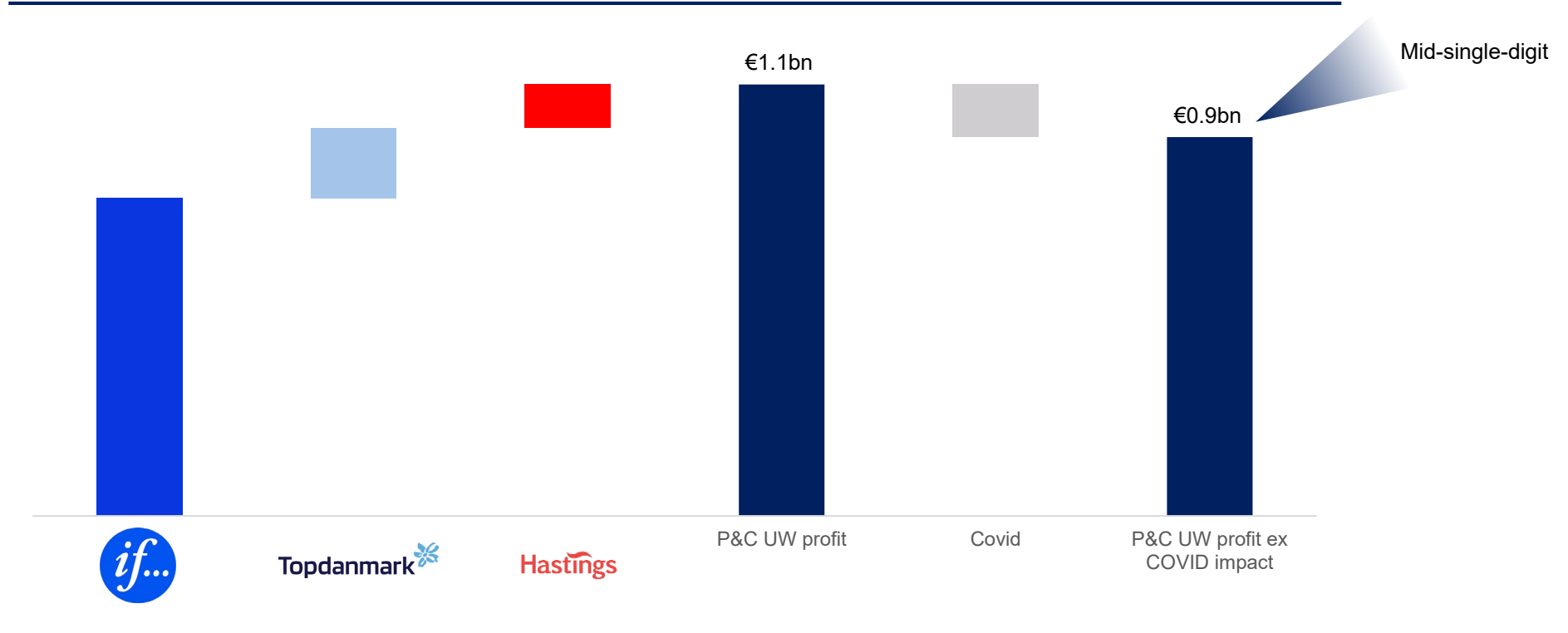


If has a strong track record of delivering against its financial targets



Sampo aims for disciplined growth in P&C underwriting profits

Sampo's ambition is to deliver mid-single-digit growth in underwriting profits (2020, €bn)



 SAMPO GROUP Combined ratio <86%	 Combined ratio <85%	Hastings Loss ratio <76% Operating ratio <88%
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Sampo will deliver an attractive, reliable and transparent dividend



Payout ratio at least 70% on net profit excl. eo items
Progressive insurance dividend
Return excess capital

Strong balance sheet

**Highly profitable and
resilient insurance
operations**

**Nordea and other Sampo
plc investments to be
divested**

A bottom-up view of Sampo's dividend



- Earnings closely linked to capital generation
- High returns on capital enable high payout ratios
- Growing and stable underwriting profits and limited market risk

High payout ratio possible



- Dividend capacity driven by regulatory solvency
- Mandatum Life capital generation stable medium term
- Capital generation supported by decline in SCR driven by run-off of with-profit portfolio

Dividends driven by S2 capital generation



- Visibility on banking dividends limited at present
- Timing of disposals key driver of excess capital generation

Dependant on Nordea stake and potential disposals



Progressive insurance dividend



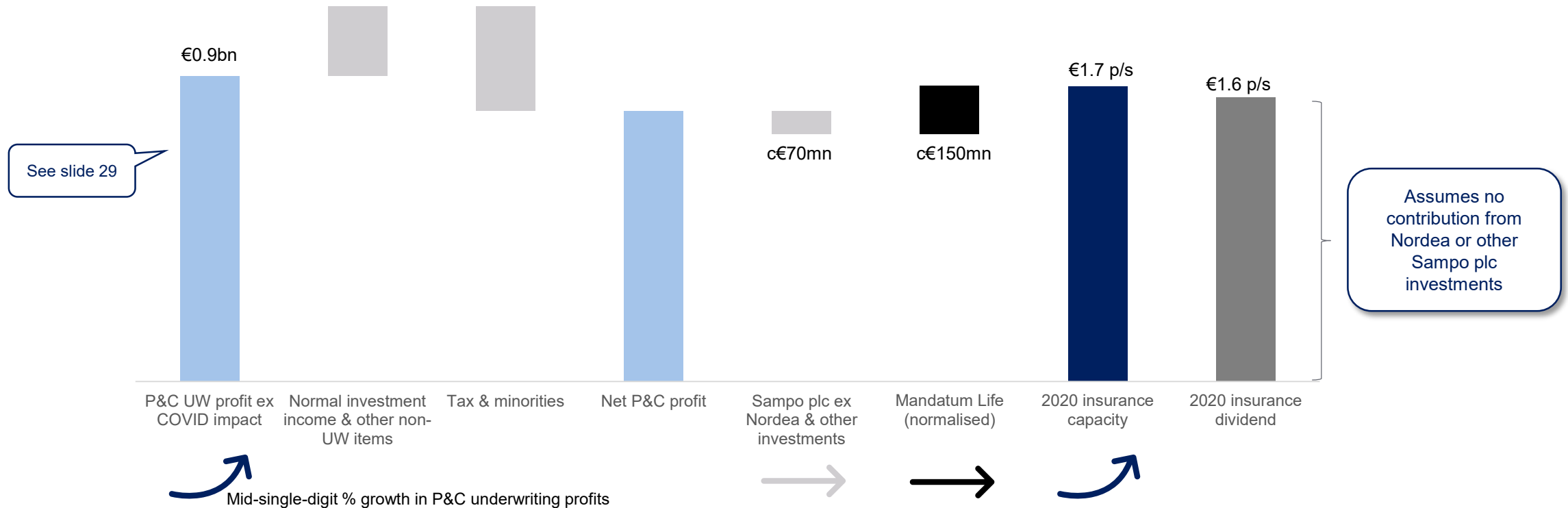
Return excess capital



P&C earnings to drive growth in the insurance dividend

A

Sampo Group insurance dividend capacity for FY 2020 (€ per Sampo share)

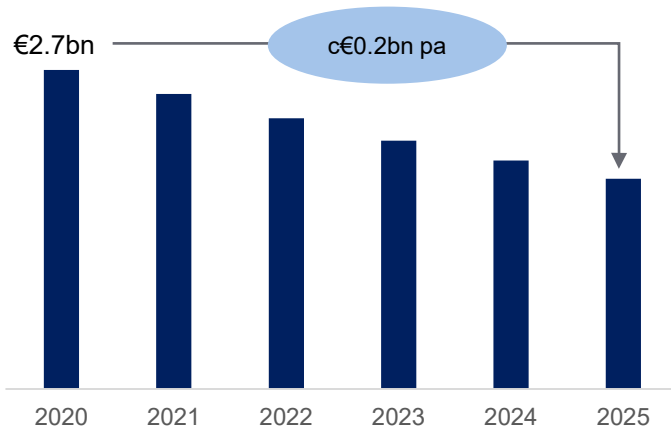


Mandatum Life supports Sampo's dividend



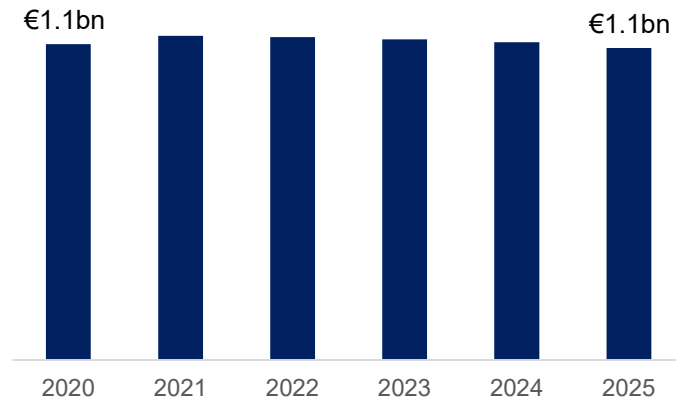
With-profit liabilities continue to decline

Mandatum Life Solvency II with-profit liabilities (€bn)

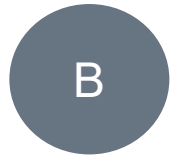


Solvency II capital generation covers the dividend

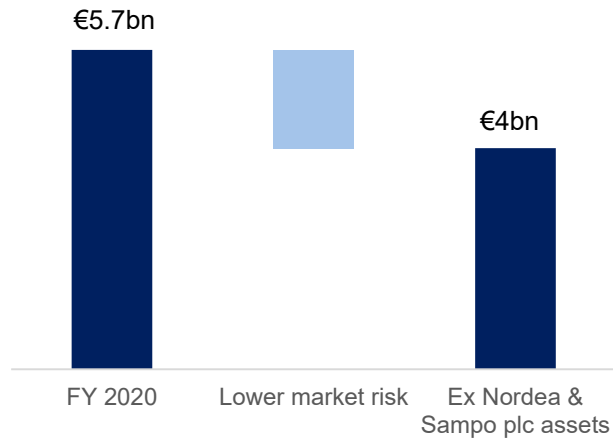
Mandatum Life S2 surplus assuming €150m pa dividend



The financial effects of group simplification

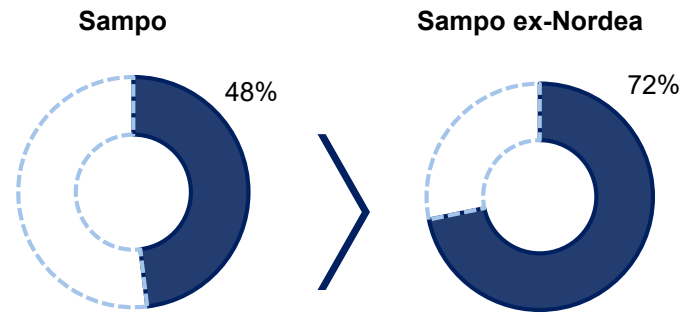


Reduced market risk



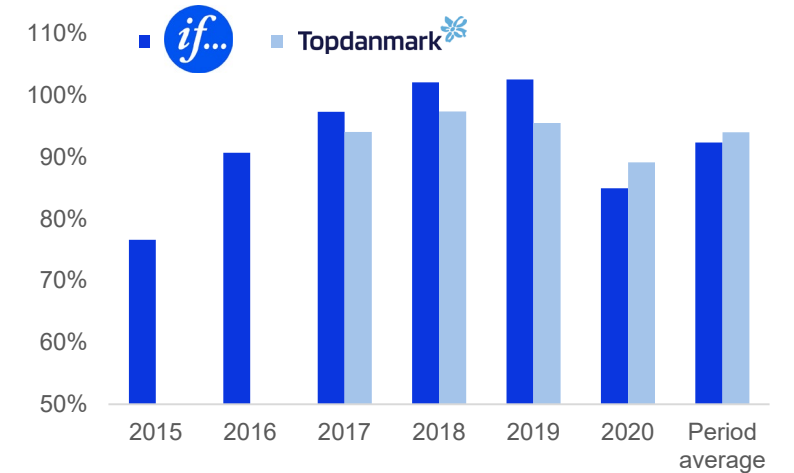
Sampo Group SCR (€bn)

Higher earnings quality and returns



P&C underwriting share of Sampo net profits (%)

Sampo's P&C operations can deliver P/O ratios above 70%



Dividend payout ratio (ex special dividends)

- Reduced market risk will translate into a lower SCR
- Lower volatility would allow Sampo to reduce target solvency

Sampo aims to operate an efficient balance sheet

B



Return excess capital



Robust financial position

- Solvency: 170%-190%
- Financial leverage: <30%
- Maintain rating



Invest in P&C operations

- Plans operationally focussed
- M&A appetite limited to bolt-ons

Sampo will deliver high quality earnings and attractive capital returns

Sampo aims to operate a resilient but efficient balance sheet

The quality of Sampo's earnings is improving

Sampo insurance operations support an attractive dividend

Sampo will return excess capital

Sampo Capital Markets Day 2021

Q&A

Sampo's Nordic P&C operations

Morten Thorsrud, CEO, If P&C Insurance

Ingrid Janbu Holthe, Head of BA Private, If P&C Insurance

Leading the way in Nordic P&C insurance

Largest and most diversified P&C insurer in attractive Nordic market

- Market-wide profitability stronger than European P&C average
- Largest insurer in Nordic P&C and only listed operator with pan-Nordic presence
- Long-standing relationships with major OEMs and other key distributors

Leading capabilities and performance focused corporate culture

- Leading digital insurer in Nordic P&C
- Continuous investment to improve capabilities and efficiency
- Strong underwriting culture and clear focus on profitability

Strong track record of operational execution and financial performance

- Strong track record of execution vs. targets
- Outperformance vs. peers on profitability and combined ratio stability
- History of continuous improvements in combined ratio and cost ratio

If P&C financial targets for 2021-2023



Combined ratio: Combined ratio < 85% – *lowest ever target for a 3 year period*

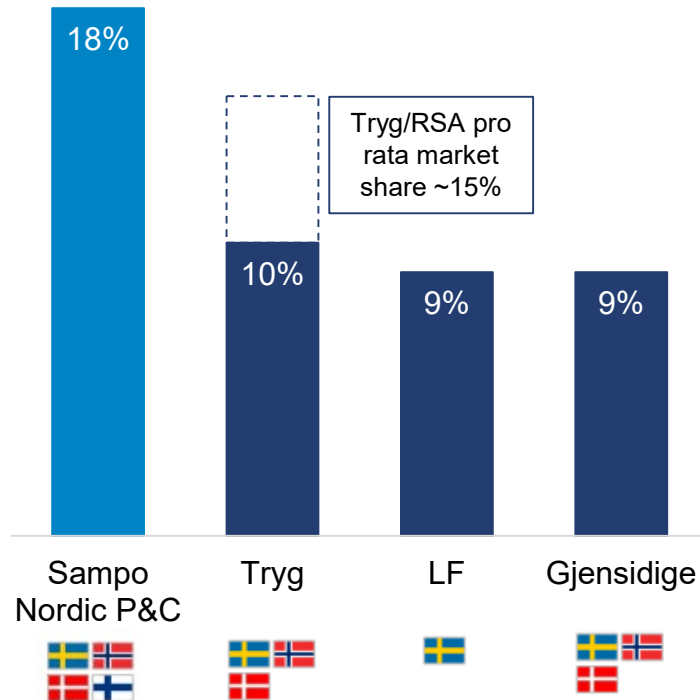
Cost ratio: Further reduced cost ratio – *continue trajectory of ~20bps yearly reductions*

Underwriting result: Mid single digit growth in underwriting profits

Unique strategic position through a combination of Nordic scale, modern proprietary distribution platform and strong partnerships

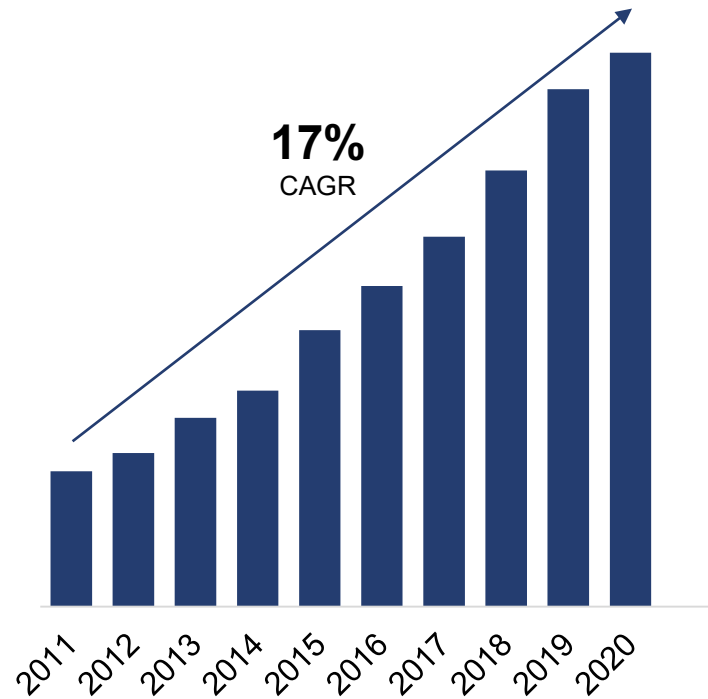
Scale advantage as the largest P&C insurer in the Nordics

Market shares Nordic P&C



Modern proprietary distribution platform with a digital edge

Online sales, BA Private

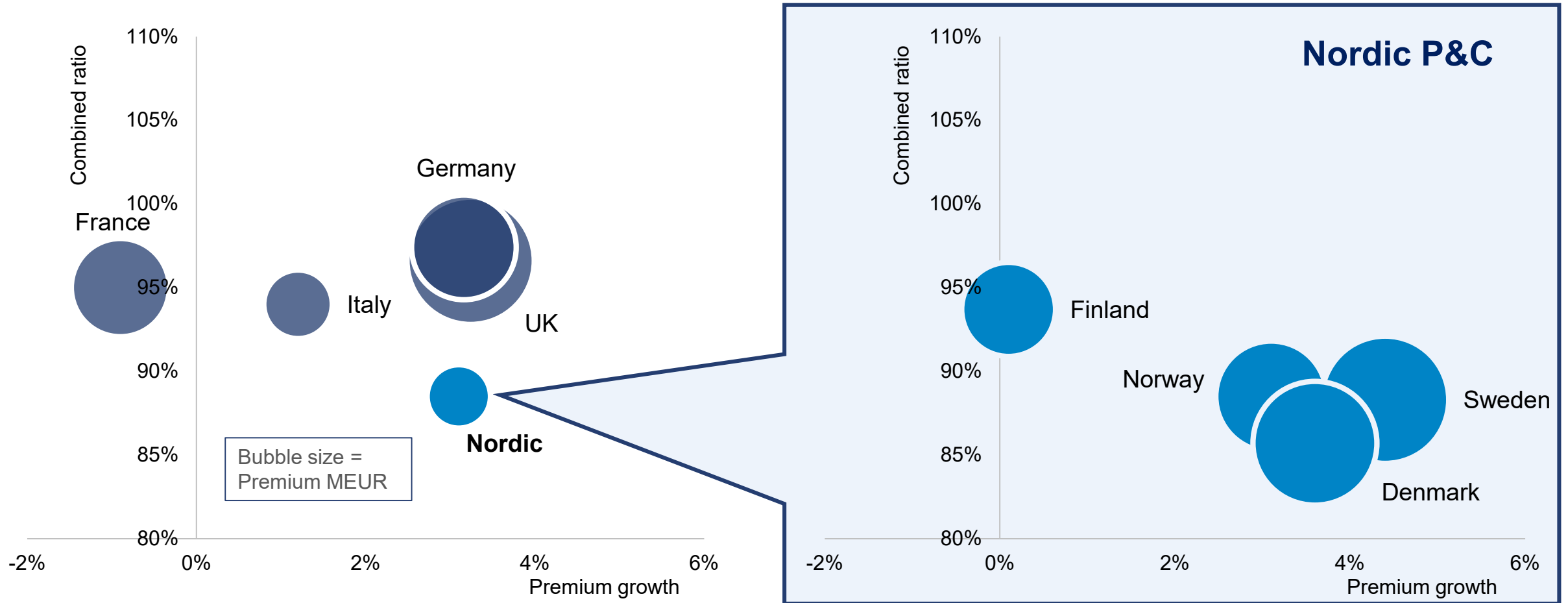


Proven credibility as insurance partner

Select partners

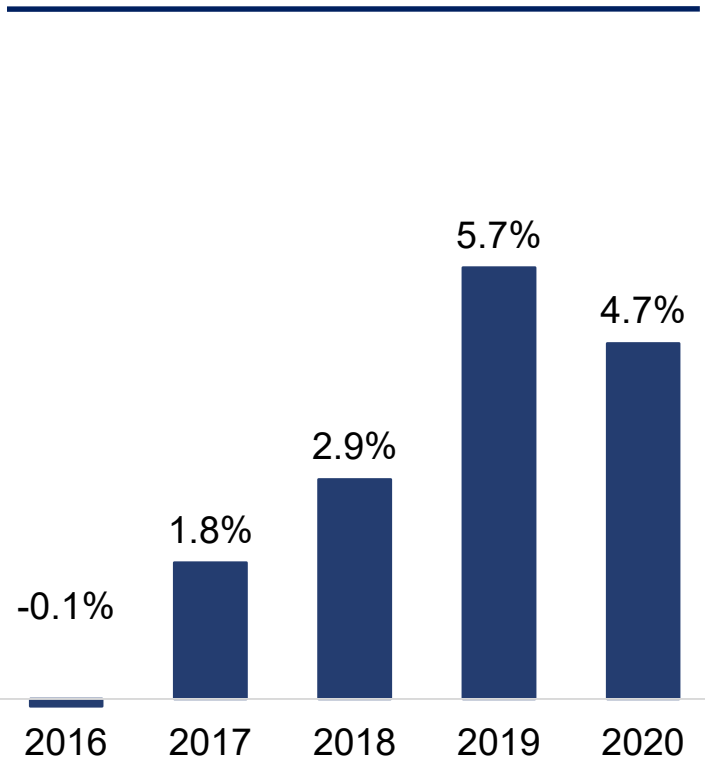


Nordic P&C – a market with attractive fundamentals



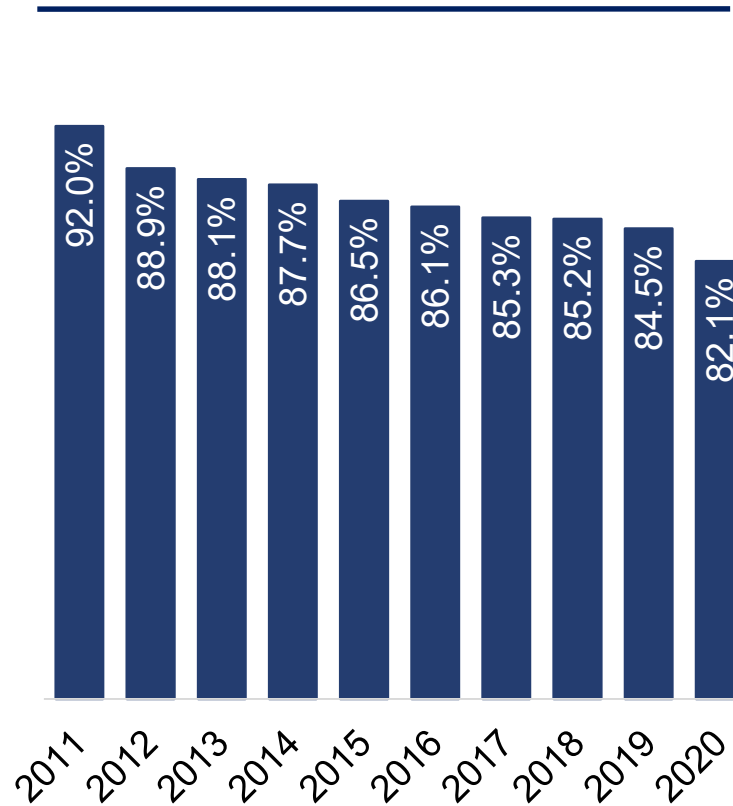
Combination of organic growth and underwriting excellence results in an attractive trajectory of increasing underwriting profit

Organic GWP growth



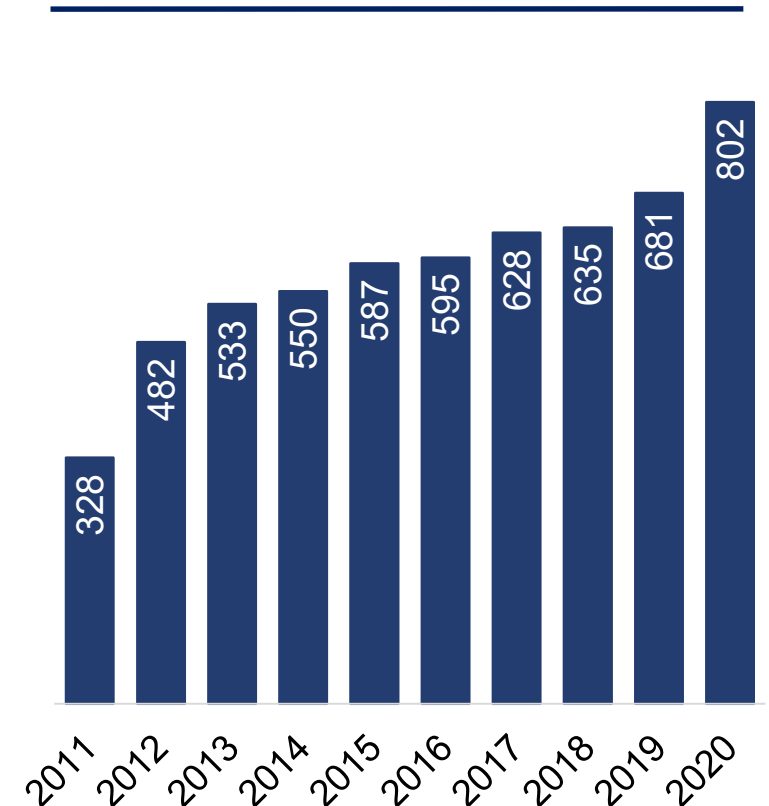
Note: Excluding currency effects

Combined ratio



Note: 2015 and 2016 excluding one-offs

Underwriting result, MEUR

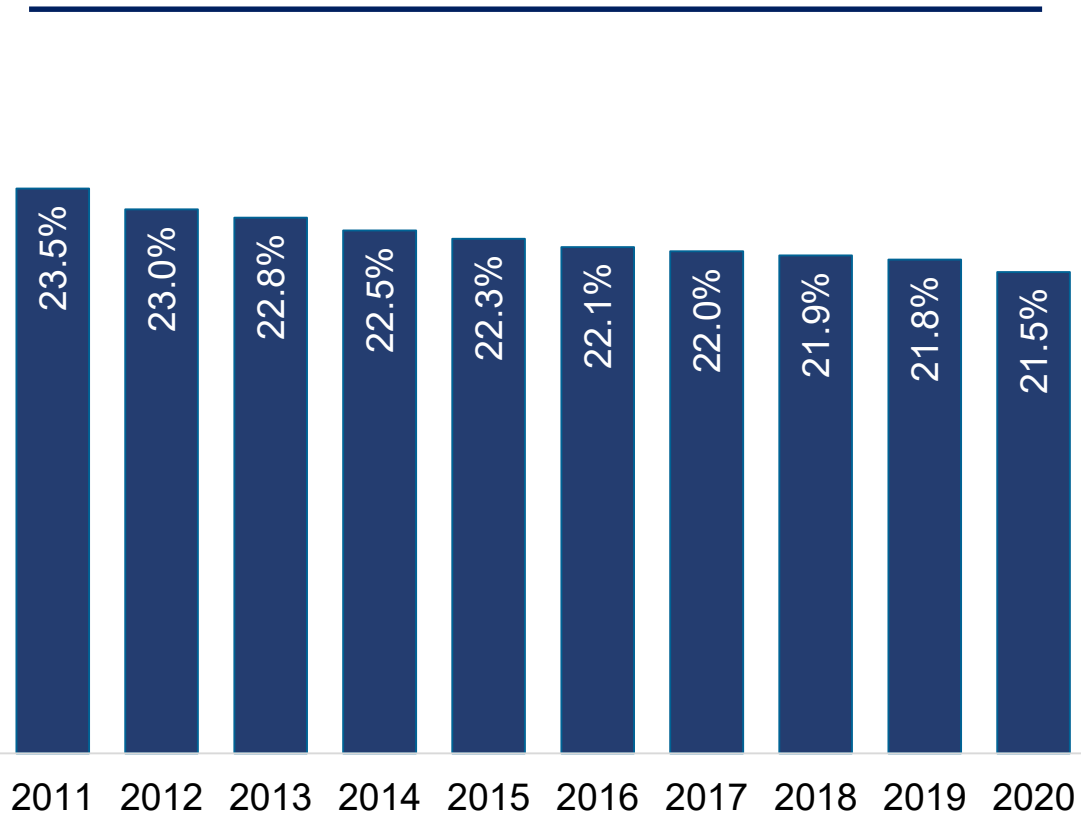


Note: 2015 and 2016 excluding one-offs

Scale benefits and digitalization as sources for further improved cost position

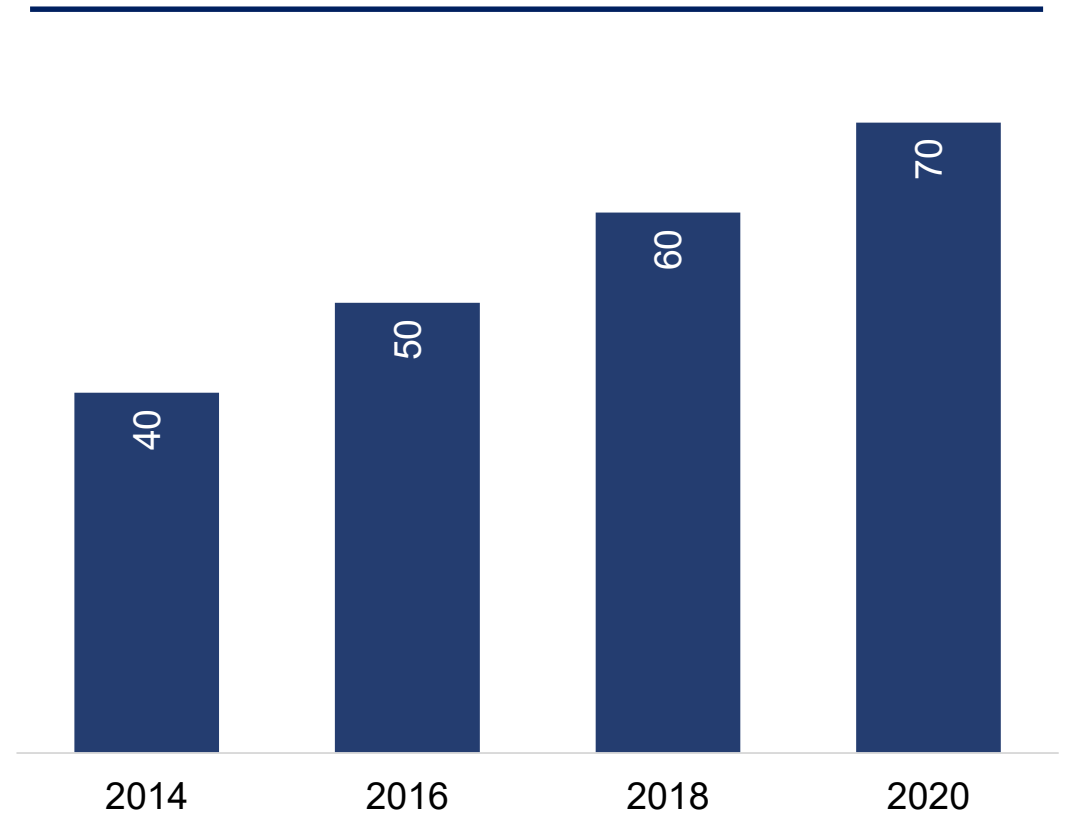
Leading in digitalization 

Cost ratio



Note: 2015 excluding one-offs

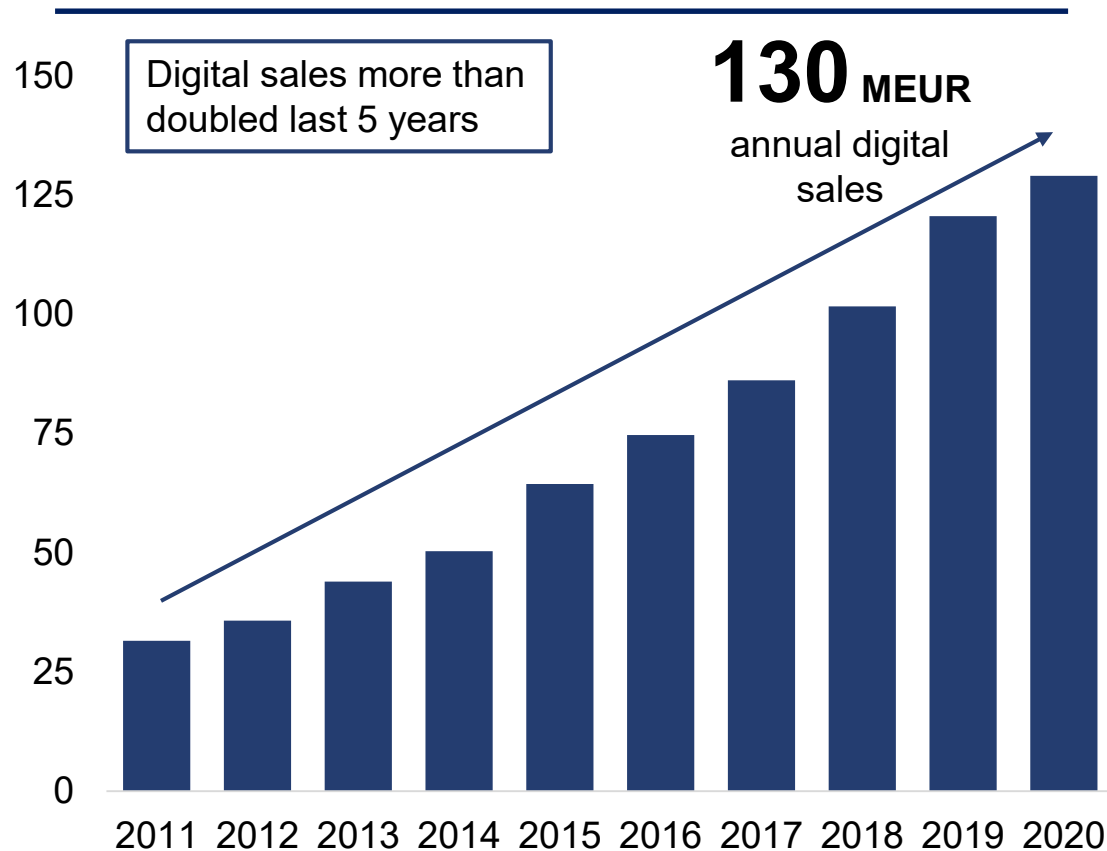
IT development cost, MEUR



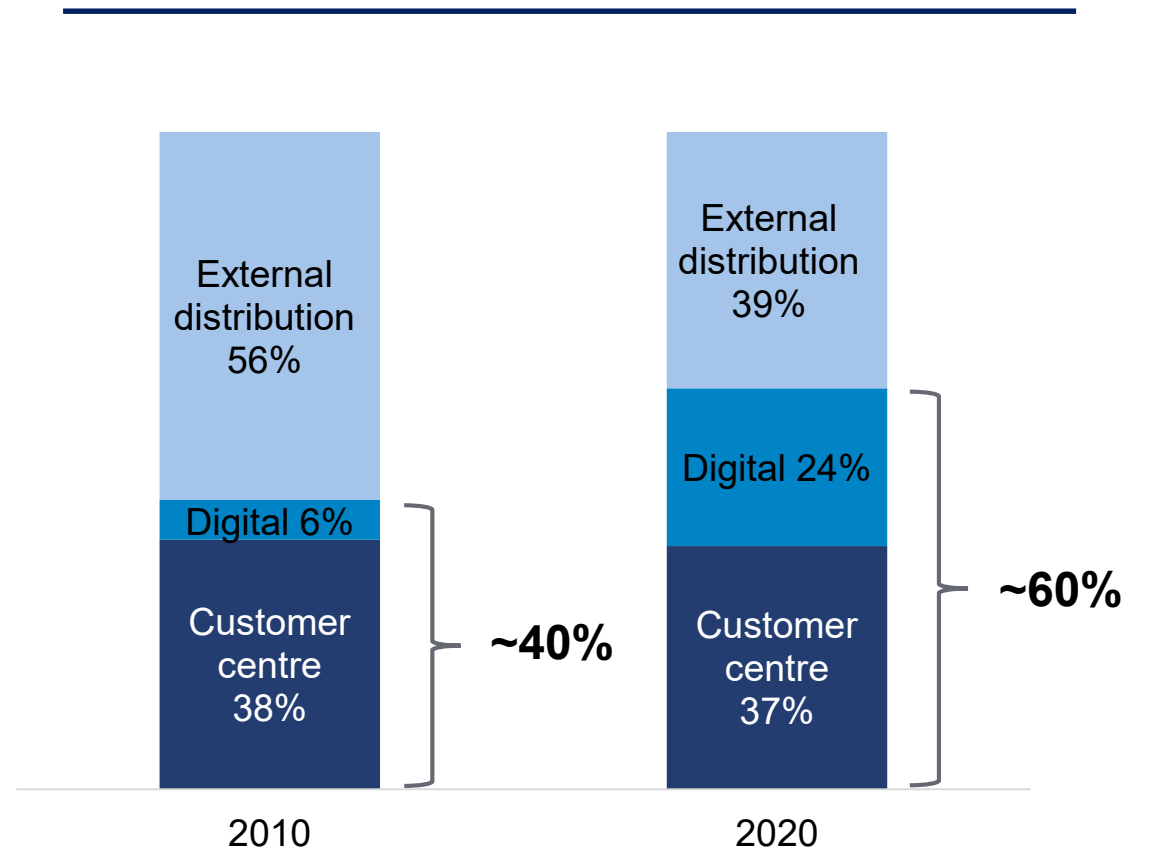
Modern proprietary distribution platform with an edge in digital capabilities

Leading in digitalization 

Digital sales premium, MEUR



Distribution mix development: 2010 vs 2020



Digital leadership through the entire value chain

Leading in digitalization 

Digital distribution

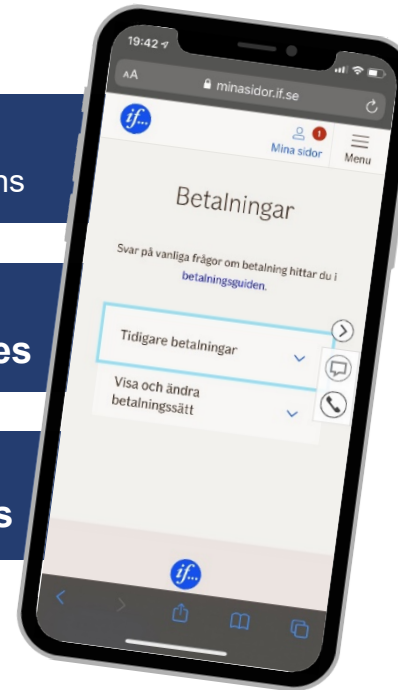


eService

+30% Increase in **My Pages** logins

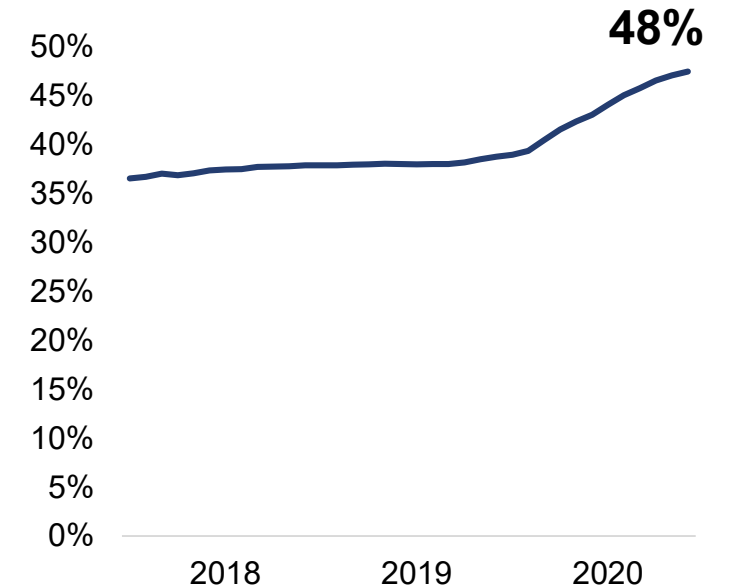
>80% Customers with **Digital invoices**

>70% Customers with **Digital policies**



Online claims

Online claims share of total claims, R12



Mutually reinforcing – digital sales increase expectations on digital service / claims

Fit for the future – select strategic initiatives



Customer orientation

- Positioning If P&C as *the most caring* insurance company



Best in risk

- *Underwriting excellence* for profitable growth



Preferred partner for automotive industry in change

- Positioned for the *future of mobility*



Personal risk and health insurance

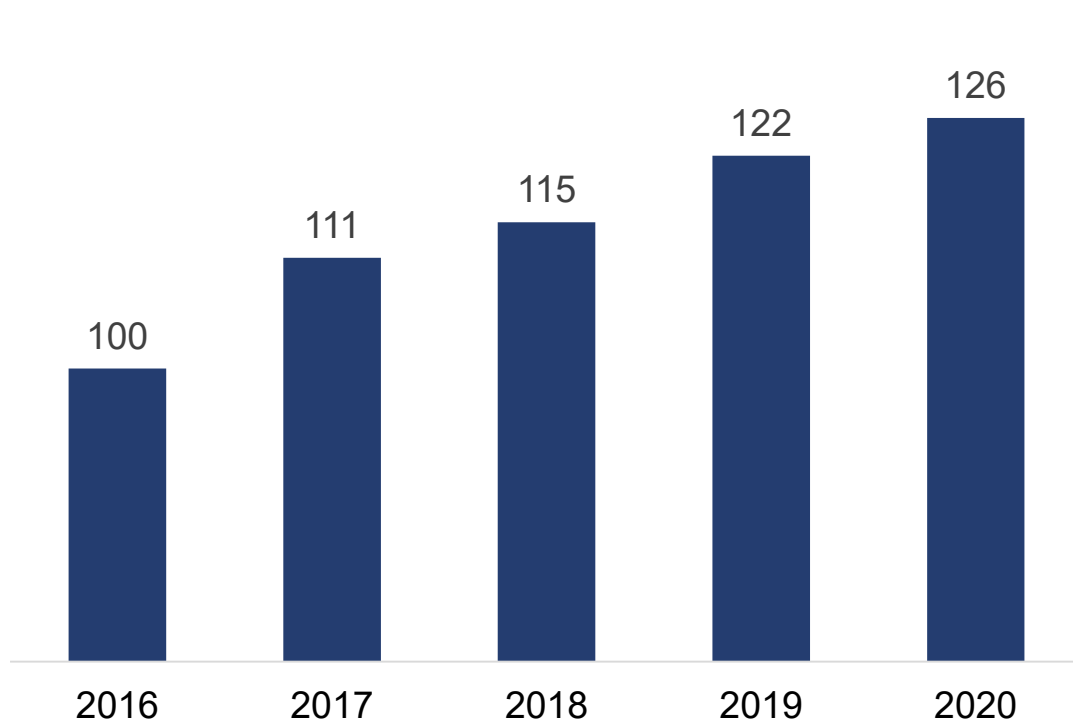
- Well positioned in this *growth* area



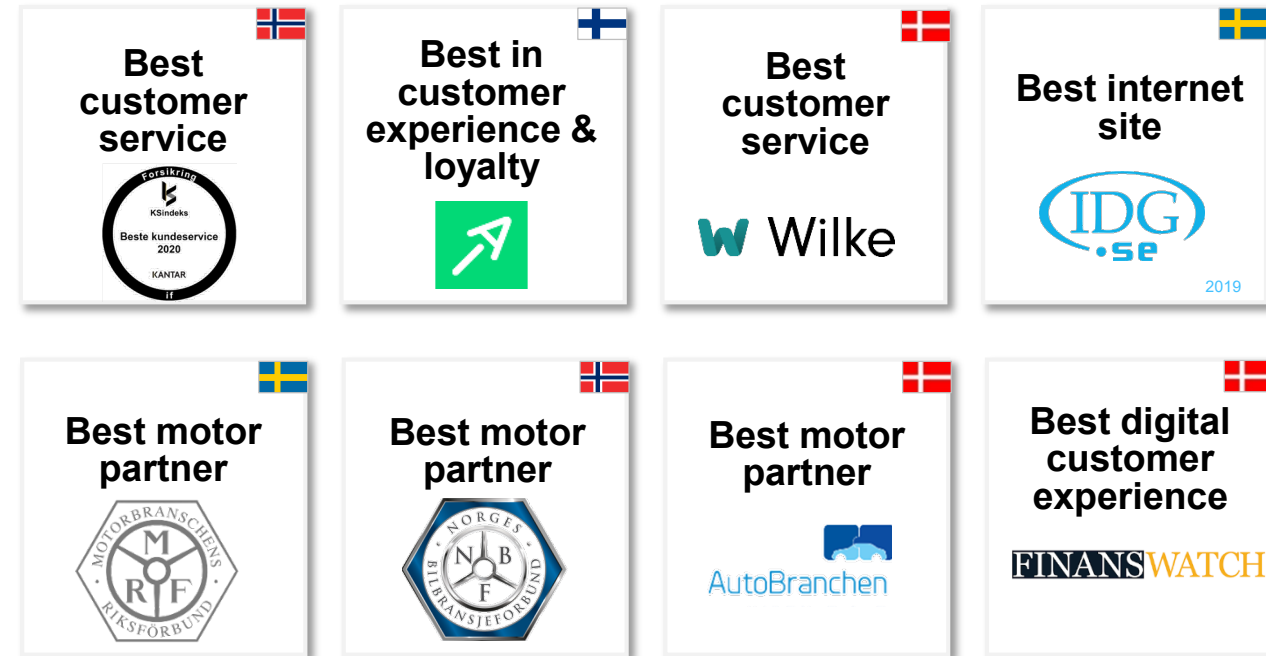
Significant improvement on key customer metrics

High and increasing customer satisfaction NPS (indexed)

Contact center If P&C, BA Private



Select recent awards

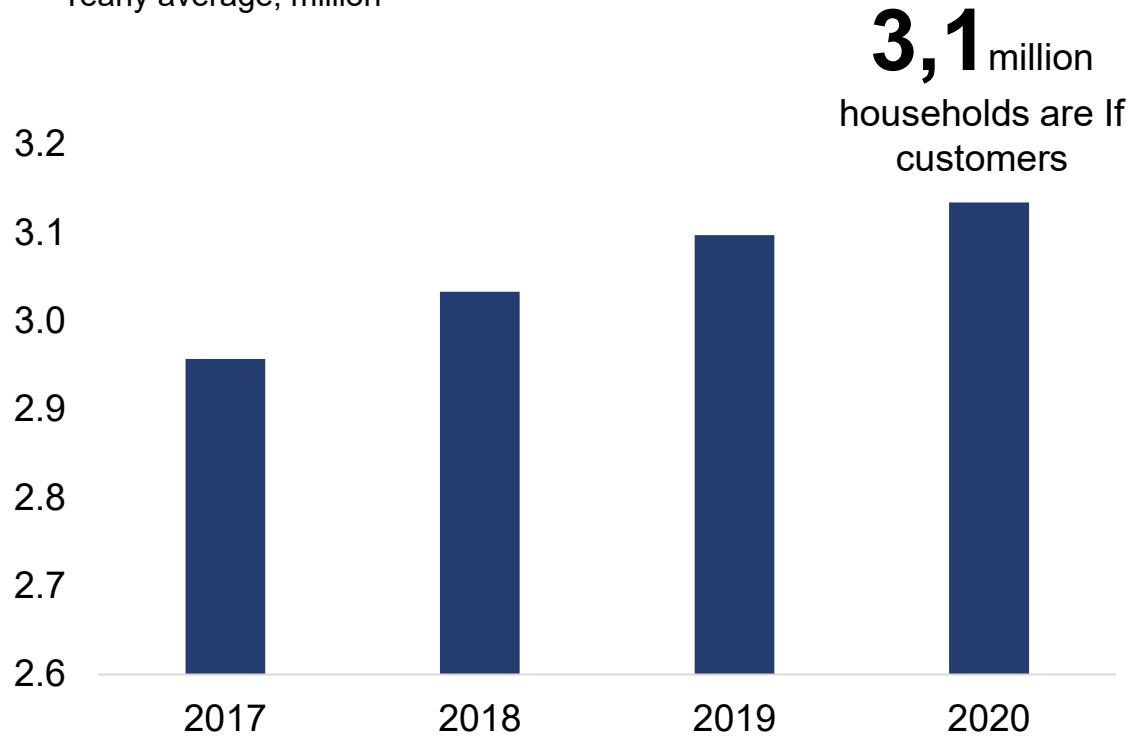


Strong organic customer growth – attracting and retaining customers through improved products and services



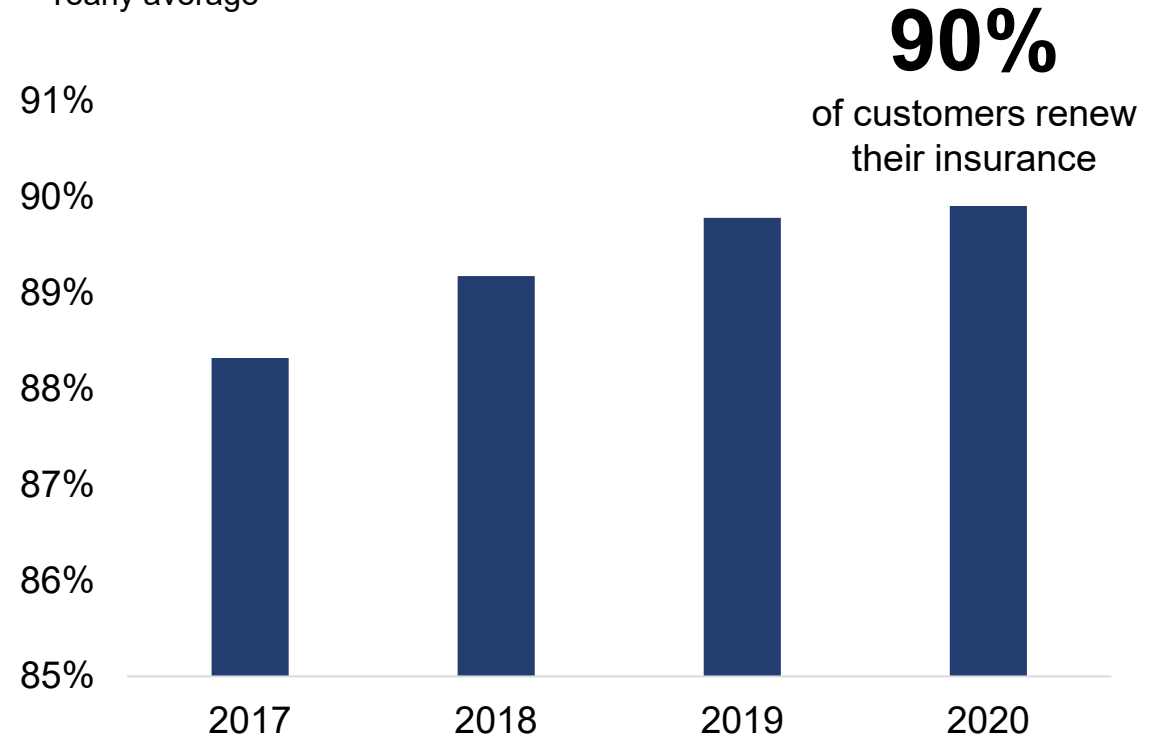
Growing customer base – number of households

Yearly average, million



High and stable retention rate

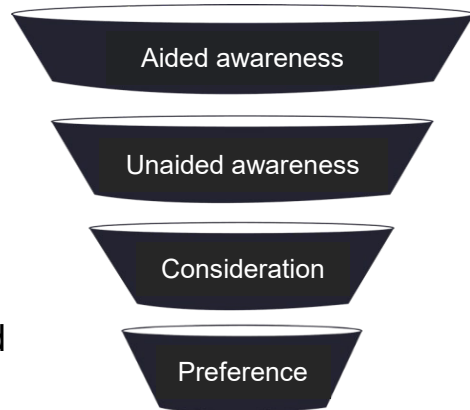
Yearly average





Strengthened brand position and redefined customer promise

- Redefined customer promise: “By your side”
- Aim to strengthen brand for all parts of the business
- Strong brand awareness and preference is key for driving digital sales
- High level of direct traffic to If website – approx. 50%



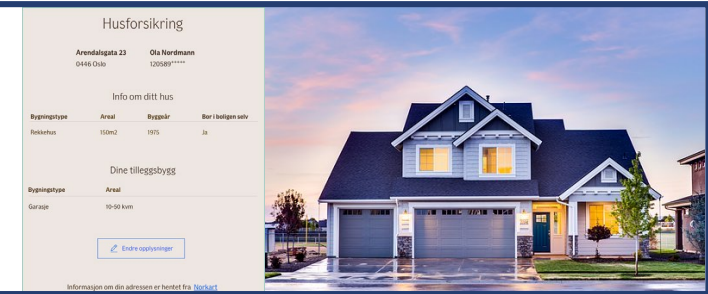
- Currently **high brand awareness** with potential to increase brand consideration and preference



Underwriting and pricing excellence yields profitable growth

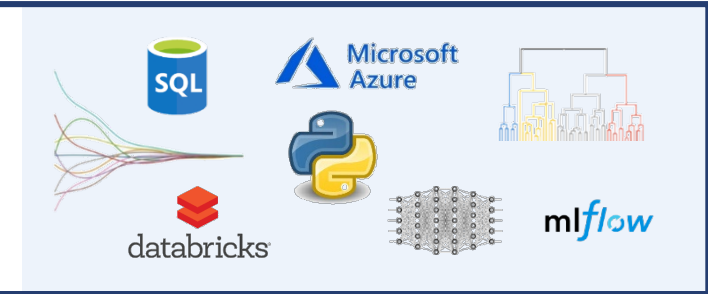
Best in data

- Value creation from access to and best practice utilization of available external and internal Nordic data



Modern tools and methods

- Pricing sophistication by utilizing advanced analytics



Excellent risk management expertise

- Best work place for analysts attracts and retains top talent
- Models cannot replace experience and risk aversion in top management





Every **fifth car**
in the Nordics insured by If P&C



2400
Partner workshops

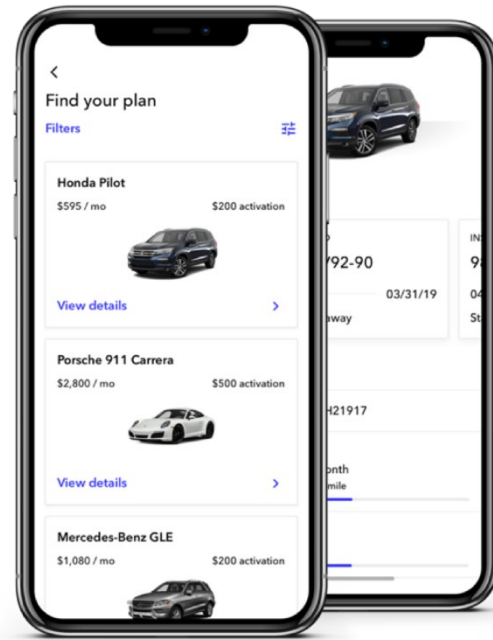
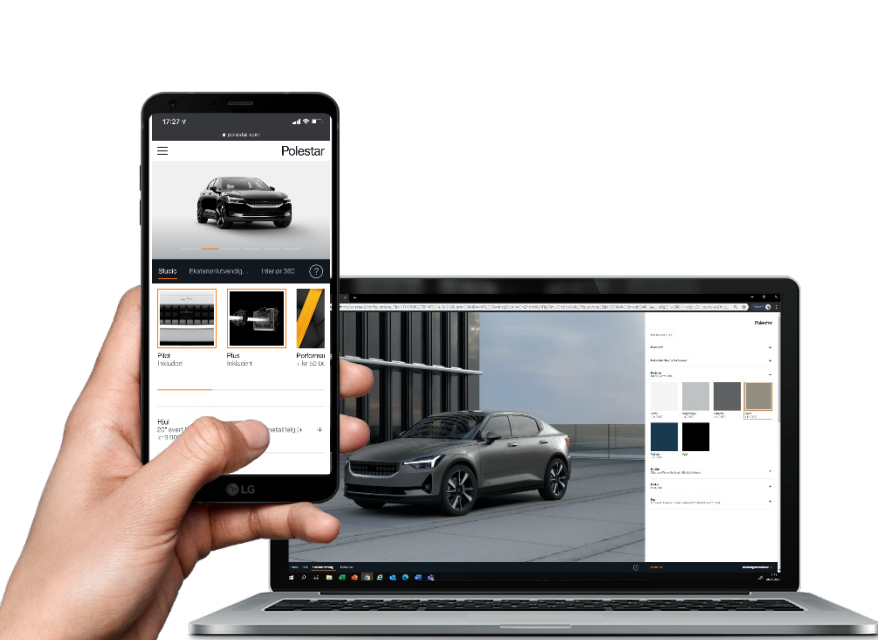
980 million EUR
Business to partner workshops

Mobility partner 



VIKING

If P&C is uniquely positioned for the important trends in the automotive industry



01 Digital partner integrations

Seamless integration of insurance offerings in the customer journeys of our partners

02 Experimenting with the new

The most commonly used partner across Nordics for integrated insurance products within car sharing / leasing / subscription models

03 Full mobility service offerings

Viking, If Services and branded insurance and warranty products

Personal risk and health insurance – If P&C is well positioned in an attractive growth area

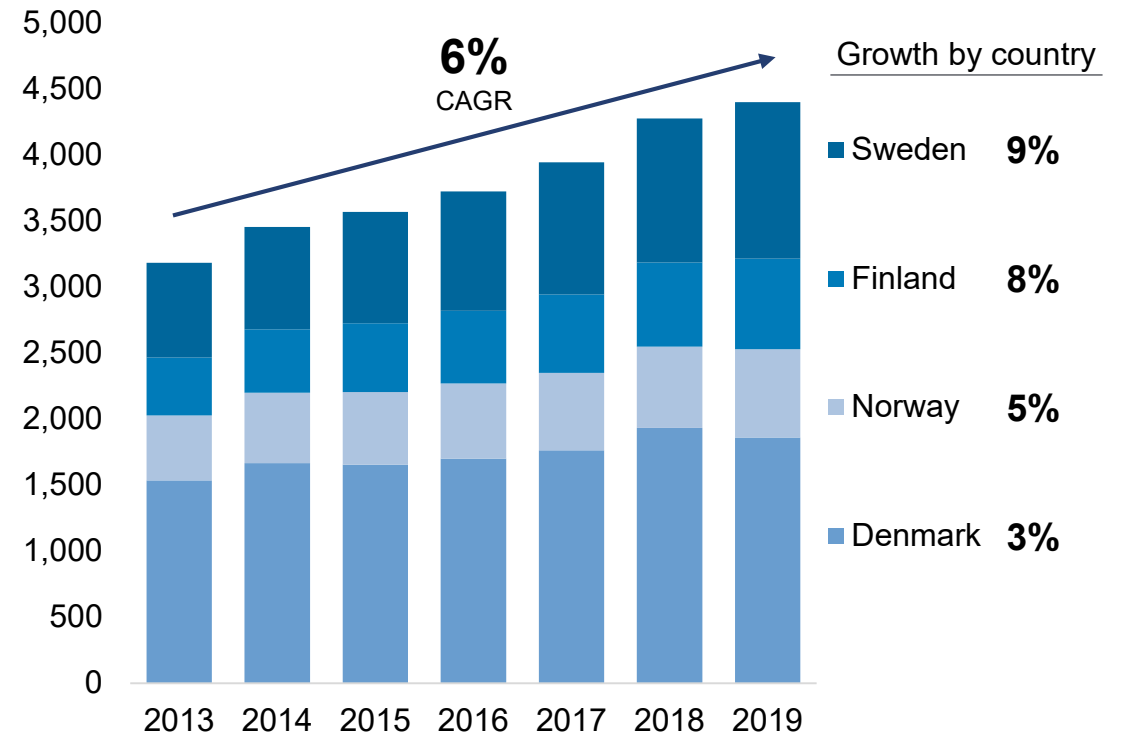


Vertikal Helse
en del av If

- Health insurance
- Critical illness
- Accident cover
- Child insurance
- Pregnancy cover
- Disability insurance
- Workers compensation
- Life insurance



Nordic personal risk and health insurance market, MEUR



Source: Finance Finland, Finance Norway, Insurance Sweden, Insurance & Pension Denmark
Note: Excluding workers comp and life insurance. Finland including travel insurance

Continued value creation – strategic initiatives enable financial targets

Select strategic initiatives



Customer orientation



Best in risk



Preferred mobility partner



Personal risk and health growth

Financial targets 2021-2023

Combined ratio

- Combined ratio < 85%

Cost ratio

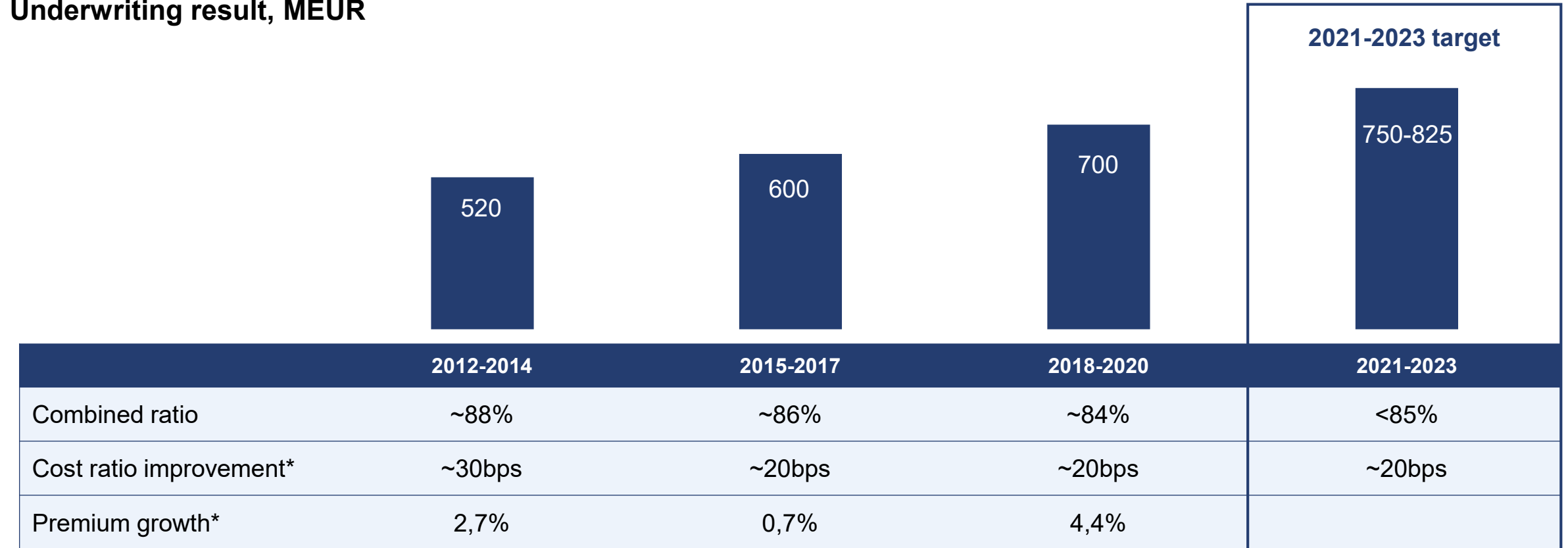
- Cost ratio reduction to support combined ratio target over time through continued efficiency improvements

Underwriting result

- Growth in underwriting result which remains the dominant driver to enhance profit generation

Growth in underwriting result – dominant driver of profit generation

Underwriting result, MEUR



* 3 year average per year

Note: 2015 and 2016 excluding one-offs, 2020 as reported

If P&C will continue to be the leading player in Nordic P&C insurance

Largest and most diversified P&C insurer in attractive Nordic market

Leading capabilities and performance focused corporate culture

Strong track record of operational execution and financial performance



By your side

Hastings update

Hastings, Toby van der Meer, CEO, Hastings Group

Hastings is a focussed, modern, technology led insurance provider, differentiated from more traditional P&C players

Focused



- c.90% car insurance
- c.90% PCW distribution

Differentiated capabilities



- Pricing & antifraud
- Digital technology



- Customer retention
- Colleagues & culture

Good momentum in 2020



- 8% policy count growth to 3.1m
- 19% operating profit growth to £131m

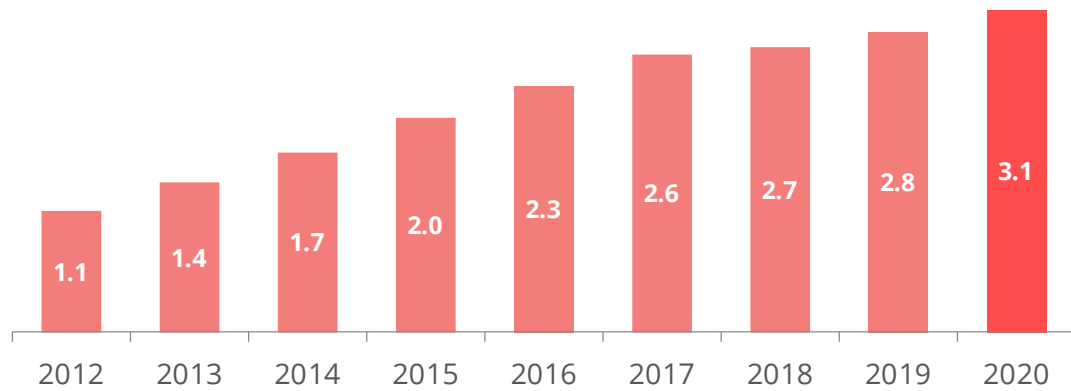


- 76.5% calendar year loss ratio*
- Strong reserving position
- 87.4% operating ratio**

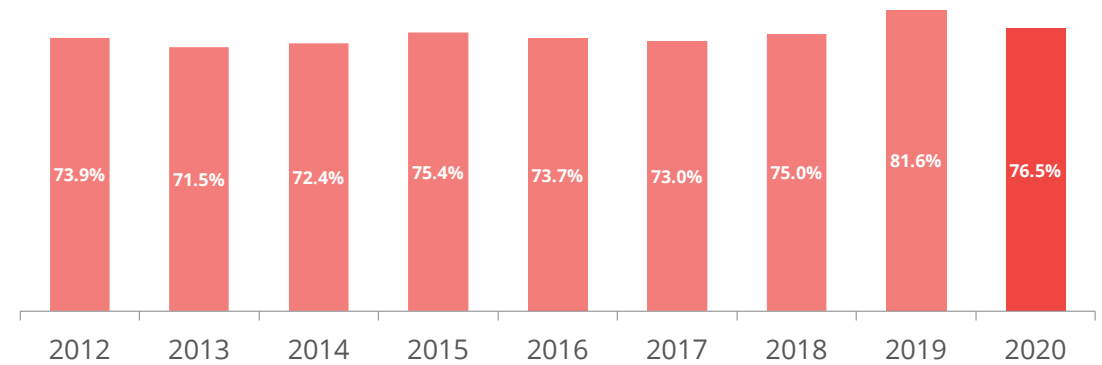
* Comparable to Sampo Risk Ratio (i.e. net claims costs excluding claims management costs / net earned premium)

** Total claims cost and expenses (including operational D&A) / total operating revenues (excluding investment income)

Live customer policy growth... (millions)

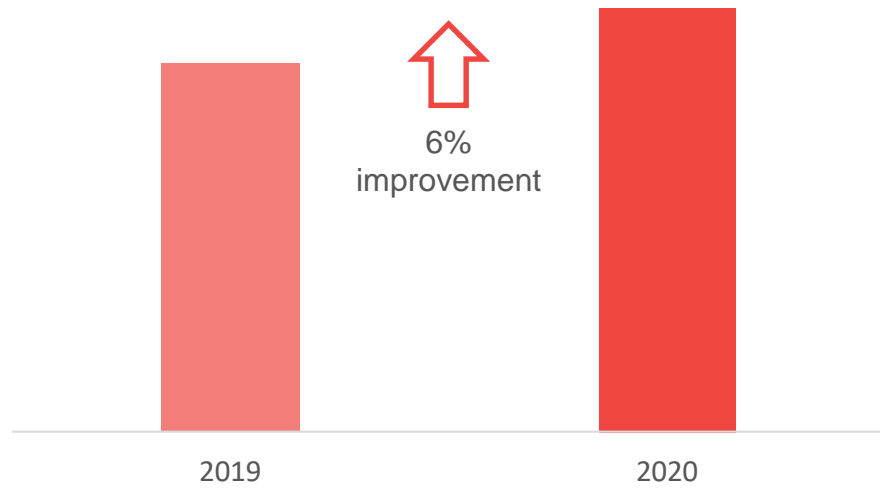


...whilst delivering a strong calendar year loss ratio*

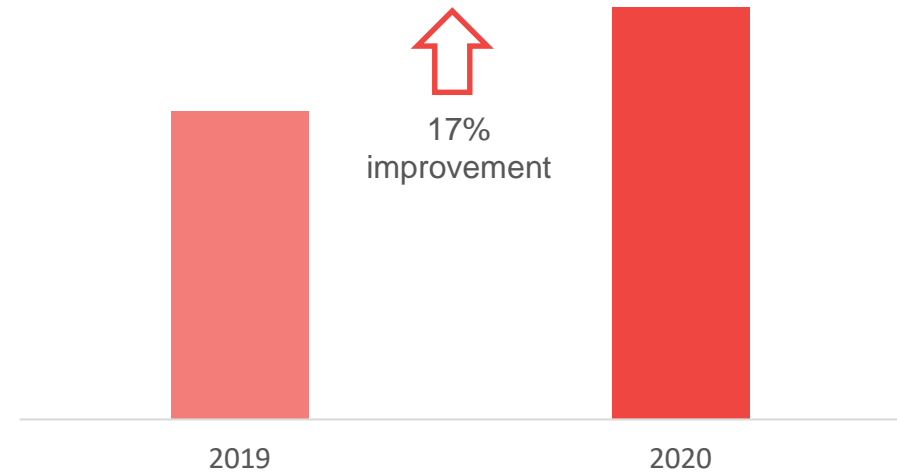


* Excluding Ogden in 2016 and 2019

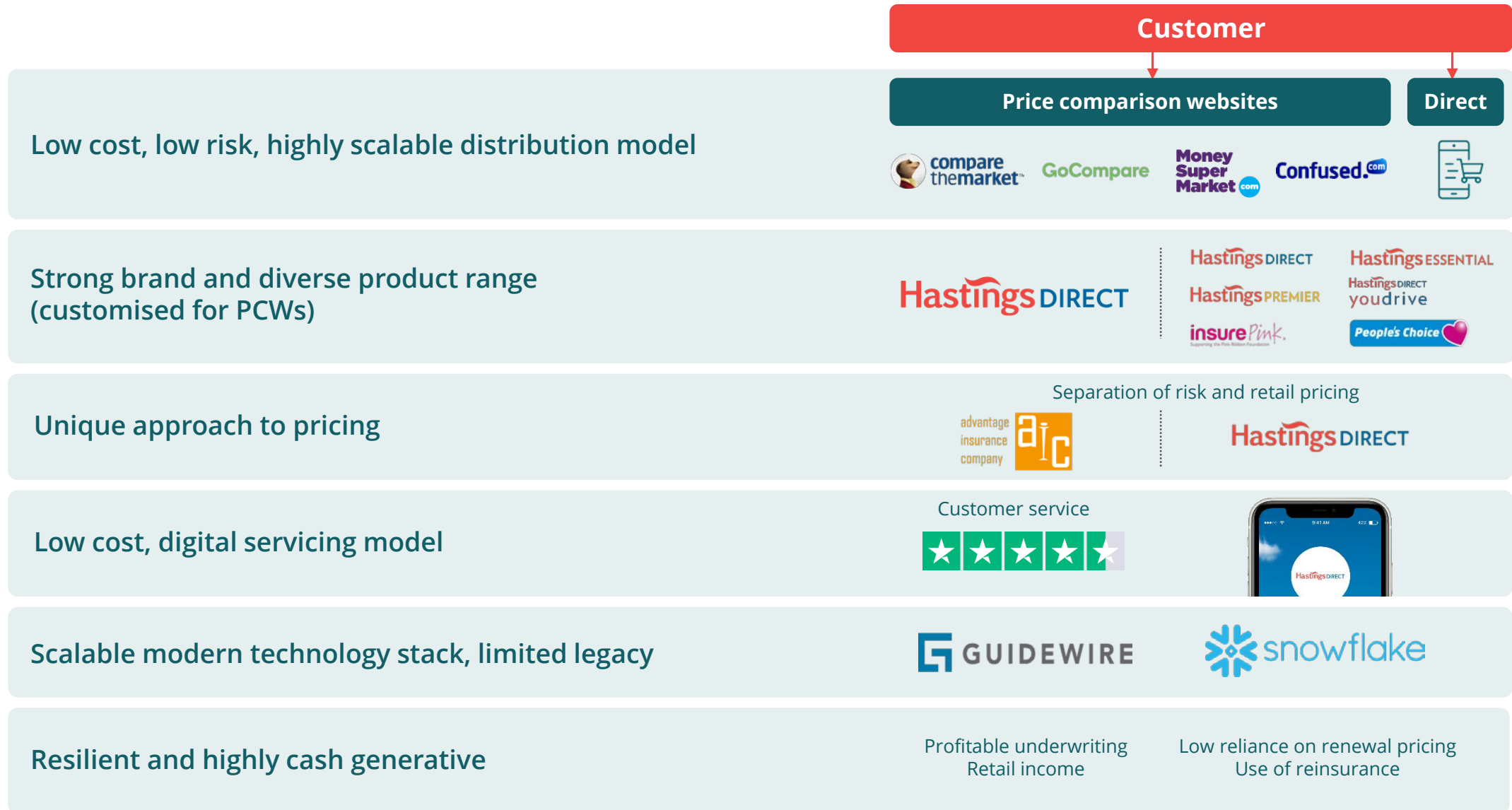
Record level colleague engagement...



...supporting improvements in NPS



Recap of our business model



Hastings has unique capabilities in pricing, underwriting and fraud prevention, honed over a decade

Market characteristics



- 140 million quotes p.a.
- 200+ data points per quote



- £1.2 billion estimated fraud p.a.
- Standardised core products

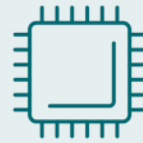


- >60% of PCW customers choose additional cover
- 5:1 elasticity

Our approach



- High volume data verification and enrichment ('big data')



- Real time individualised risk, market & LTV models. Micro-segmentation through machine learning tools



- Test & learn – 7 different pricing approaches live, elasticity testing
- Real time, post sale, and claims stage fraud controls
- Daily MI, new insights added weekly, 500 price changes p.a.

Hastings has significant growth opportunity in a large profitable market, where traditional players have been disrupted by distribution, technology and regulatory changes



32m

21m

£13bn

Gross written premiums

£5bn

Gross written premiums

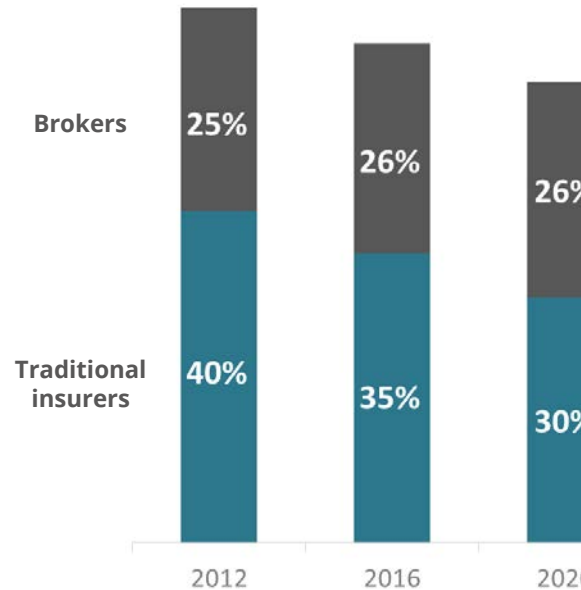
78%

PCW penetration

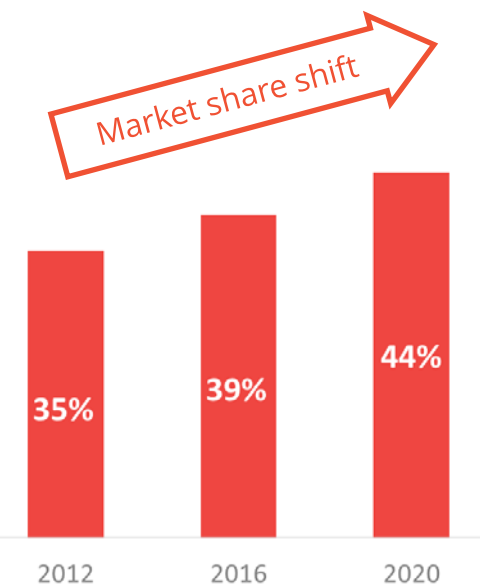
62%

PCW penetration

Traditional insurers & brokers



New world specialists



Hastings is well positioned in the face of regulatory change



“6 million policy holders paid high prices in 2018. If they paid the average for their risk they would have saved £1.2bn.”

FCA review of pricing practices

- Final policy statement expected Q2
- Hastings supportive of draft statement
- Likely to stop practices of aggressive new business discounting
- Therefore alignment of pricing likely to increase new business prices
- Hastings business model well positioned

Whiplash reforms

- Expected to become effective May 2021
- Small bodily injury claims to reduce

Hastings aims to become a market leader, delivering profitable growth...

Become the
Best and Biggest Digital Insurance Provider

Large scale ambition

Hastings today

3.1m policies
£131m UK profit

Market leaders

5m+ policies
£500m+ UK profit

6 clear focus areas to drive profitable growth:

Pricing and anti-fraud



Customer retention



Claims transformation



Digital (low cost)



Home



New propositions

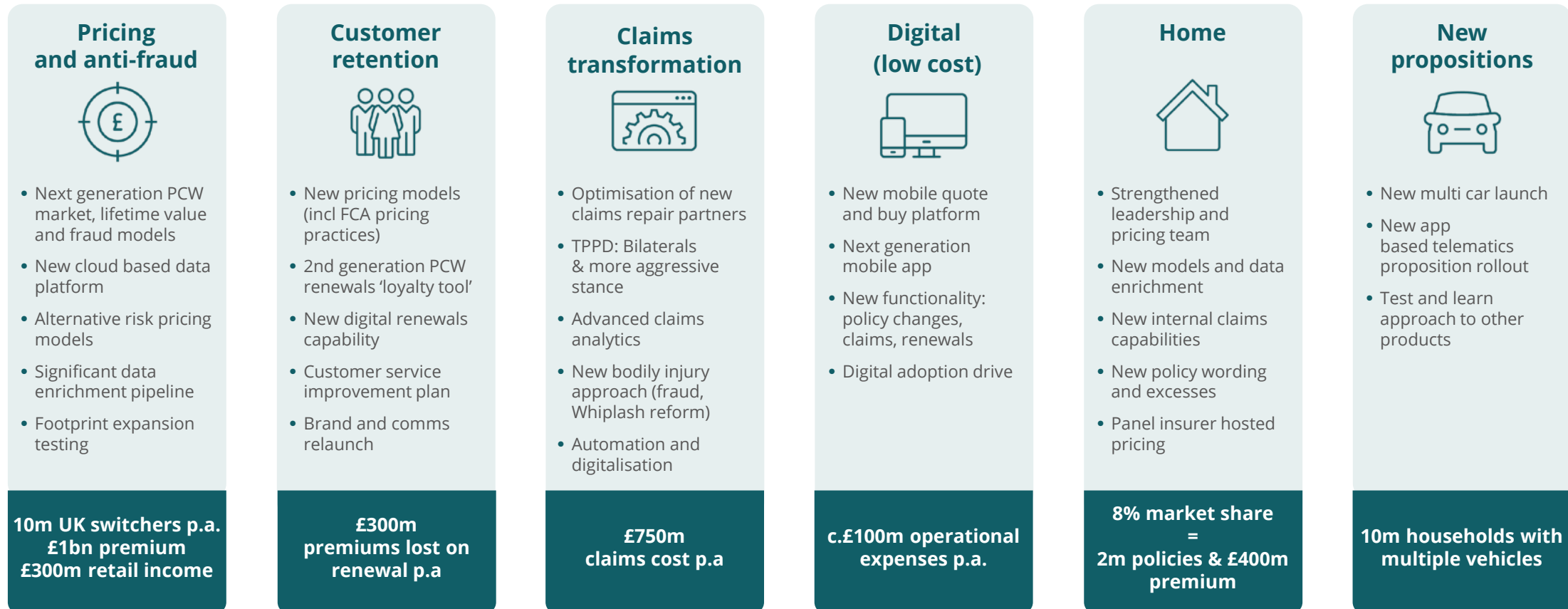


Underpinned by
Colleagues, Culture and focus on ESG

...with acceleration through new ownership and strategic investment

A significant change and technology programme continues, building on 2019/20 momentum and leveraging our new core platforms

Hastings 2021 change programme



Become the

Best and Biggest Digital Insurance Provider

Pricing
and anti-fraud



Customer
retention



Claims
transformation



Digital
(low cost)



Home



New
propositions



2021 outlook

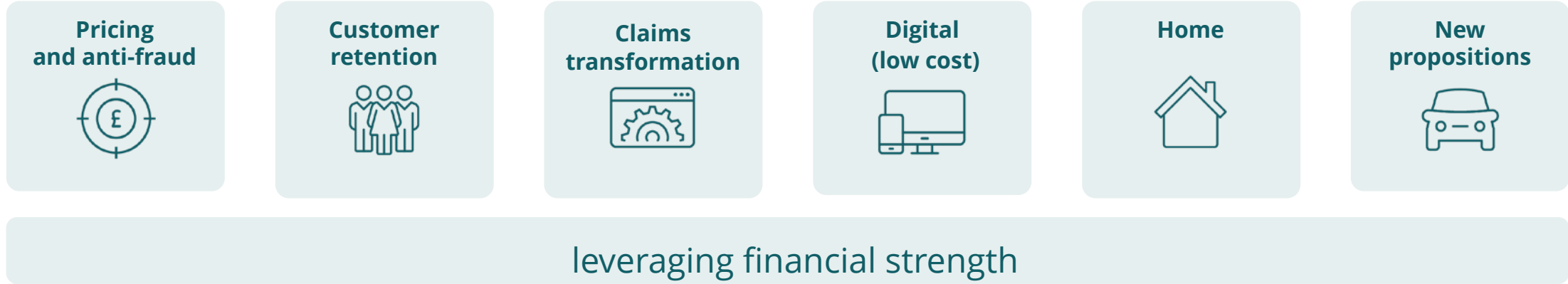
Hastings remains well positioned and expects to further improve its loss ratio and overall results, despite some market uncertainty from COVID-19, regulatory reform and Brexit

Medium term targets

- Calendar year loss ratio below 76% (2020: 76.5%)
- Operating ratio* below 88% (2020 87.4%)
- Continued market share growth (through the cycle) in motor and home insurance

Potential further benefits from new shareholding

Framework of collaboration established to realise benefits



SAMPO  GROUP

 Topdanmark 

 RMI



- ① Well positioned, with customer focussed business model
- ② Big ambitions, with clear areas of investment
- ③ Good 2020/21 momentum and progress on initiatives
- ④ New shareholder collaboration underway to accelerate strategy



Appendix

£'m	2020	2019	2018	2017
Net earned premiums	444.2	439.3	440.7	410.1
Other revenue	327.9	295.7	308.7	298.7
Investment income	8.9	10.4	7.0	6.8
Net revenue	781.1	745.4	756.4	715.6
Net claims incurred	(339.6)	(358.4)	(330.6)	(299.5)
Operating expenses	(310.7)	(268.9)	(235.2)	(232.0)
Operating Profit (excl ogden)	130.8	118.1	190.6	184.1
Ogden impact	-	(8.4)	-	-
Operating Profit (incl ogden)	130.8	109.7	190.6	184.1
Operational depreciation and amortisation	(24.3)	(15.8)	(7.5)	(5.5)
Finance costs	(9.7)	(9.6)	(8.5)	(7.8)
Profit before tax (excl transaction costs)	96.8	84.3	174.6	170.8
Calendar year loss ratio	76.5%	81.6%	75.0%	73.0%
Operating ratio	87.4%	87.5%	76.5%	75.8%

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Past performance of the Company cannot be relied on as a guide to future performance. The forward-looking statements contained herein appear in a number of places and include, but are not limited to, statements regarding the Company’s intentions, beliefs or current expectations concerning, amongst other things, results of operations, financial condition, liquidity, prospects, growth and strategies. By their nature, forward-looking statements are inherently uncertain because they relate to events and depend on circumstances that may or may not occur in the future. These statements have been prepared on the basis of a number of assumptions which may prove to be incorrect, and accordingly, actual results may vary. The forward-looking statements only reflect the information available as at the date of preparation of this document and, unless required by applicable law, the Company and its directors expressly disclaim any obligation or undertaking to update or revise this information. Nothing in this document should be construed as a profit forecast.

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Closing remarks

Björn Wahlroos, Chair of the Board, Sampo Group

Sampo's strategy is focussed on P&C insurance



P&C insurance: Invest and develop



GWP: €7bn

COR: 83.6%

UW profit: €1.1bn

Invest to build high quality Nordic and UK private/SME P&C operations



Private & SME focus



Operational excellence



Grow UW profits

Life & investments: Manage for value



MANDATUM LIFE



SAXO BANK



Nordax Bank



c60% of group capital



c40% group earnings

Optimise return on capital



Re-allocate to P&C



Return excess capital

Sampo Capital Markets Day 2021





Q&A

Sampo Capital Markets Day 2021

24 February 2021

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